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NEWS SUMMARY

GENERAL

Private phone bills up by 22%

Details of increases in telephone charges announced yesterday mean that the average householder's bill will go up 22 per cent from November 1, and business bills will rise by 18½ per cent.

They are the second increases in less than 12 months, bringing the total rises since the start of the year to more than 30 per cent.

The Post Office has cut its capital expenditure plans for the year to £1.5bn, but its borrowing limit for 1980-81 is £78m. **Back Page**

Cabinet divided

The Cabinet was unable to agree on its response to ACAS recommendations on teachers' pay, to be published today. Apparently, Mrs. Thatcher felt that figure of 13 per cent-plus was too high, with Education Minister Mark Carlisel reluctant not to accept recommendations. **Back Page**

Russians cleared

International Athletics Federation President, Adriaan Paulen told journalists in Moscow that claims of bias by the Russian Olympic judges were completely unfounded, and that appeal jury members had been admitted a Soviet pole-vaulter had been wrong to make signals to a team-mate.

Britain's Ovett, Coe and Cram qualified for the 1,500 metres final today. The all-white Zimbabwe team, called up six weeks ago, clinched the women's hockey gold.

No O.K. needed

Government approval was not required for the 56 per cent rise that lifted the salary of Mr. Gordon Richardson, Governor of the Bank of England to £51,980 a year, Mrs Thatcher told the Commons. **Page 8**

Report for DPP

The preliminary report by police on Electricity Council pension funds and investments by Mr. Alan Urwin and Mr. William Lunn, who were suspended from their posts in February, has been sent to the Director of Public Prosecutions.

Concrete fines

Four concrete companies were fined a total of £185,000 in the High Court for collusive pricing.

Tim's £400,000

Timothy, six-year-old love child of Marshall Bett, a 52-year-old bachelor farmer who died intestate, and the wife of a builder, is to inherit his father's £400,000 estate, a High Court judge ruled.

Rubbish plan off

West Midland County Council's waste disposal committee vetoed officers' proposals to spend £30,000 on having an Aston University team research rubbish to assess future trends and organise recycling of waste.

Briefly . . .

ALL 15 abroad were rescued when a helicopter returning from an oil rig came down in the North Sea.

500 mice bred for use in laboratories were released at Battlebridge, Essex, apparently by the Animal Liberation Front.

South Korea has shut 172 periodicals as corrupt, and sacked 1,212 farm and fishery officials.

Austria has expelled two Iraqi diplomats following a bomb explosion near the Iran Embassy in Vienna.

Lord Kagan was extradited from France, arriving at Heathrow handcuffed to a policeman.

BUSINESS

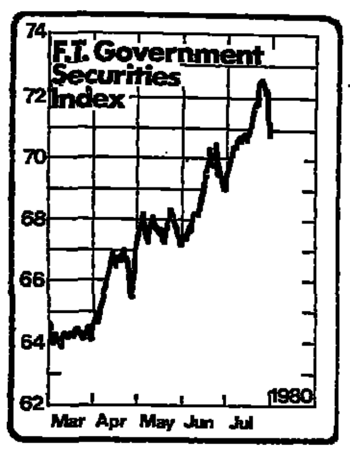
Dollar firmer; gold off $14

● **DOLLAR rose to DM 1.7815 (DM 1.7765) following the further upward trend in Euro-dollar interest rates. Its trade-weighted index was 84.8 (84.4). Page 21**

● **STERLING closed at $2.3430, a fall of 55 points. Its index was 74.7 (74.8). Page 21**

● **GOLD fell $14 an oz in London to $616.5. Page 21**

● **GILTS showed fresh heavy falls with MLR unchanged. The**



Government Securities index closed 0.65 lower at 70.78. Page 28

● **EQUITIES were firm despite a limited trade. The FT 30-share index closed 1.6 up at 490.3, but the Gold Mines index shed 6.9 to 369.8. Page 28**

● **WALL STREET was down 11.52 at 924.66 before the close. Page 26**

● **NATIONAL COAL** Board was accused of subsidising uneconomic pits through the price it charged the Central Electricity Generating Board for coal. **Back Page**

● **BRITISH DREDGING** is suing its former chairman and chief executive, Bryan Clark, for alleged breach of duty. **Page 7**

● **SIR JAMES GOLDSMITH**, Mme. Gilberte Beaux and Mr. Peter Hill-Wood, all directors of Generale Occidentale in France, have resigned from the borad of Cavenhams, GO's UK retailing subsidiary. **Page 5**

● **WEST GERMANY'S** economic slowdown is likely to last at least until the second half of next year, says the Munich-based IFO research institute. **Page 2**

● **CREDIT LYONNAIS** has decided to pull out of the $1.8bn Eurocredit for Venezuela, which is due to be signed today, because of problems with a previous loan to a Venezuelan corporation. **Page 22**

● **GOVERNMENT** financial support for industrial training boards should be ended, says a Manpower Services Commission review body. **Page 8**

● **CHRISTIE'S**, the auctioneer, increased its international sales by 40 per cent in the 1979-80 fine art season to £153.41m from £109.65m in 1978-79. **Page 5**

● **INNOCENTI** car group of Italy is seeking to import up to 150,000 engines a year from Japan to equip its vehicles. **Page 4**

COMPANIES

● **CHRYSLER**, the U.S. motor company, lost $985m (£420.4m) in the first half of the year—almost as much as it lost in the whole of 1979. **Back Page**

● **FITCH LOVELL**, the food group, raised pre-tax profits by 27 per cent from £8.82m to £11.19m in the year to April 26. **Page 18 and Lex, Back Page**

● **MACARTHYS PHARMACEUTICALS**, the wholesale and retail chemist, reported a fall in pre-tax profits from £3.78m to £3.15m for the year ended April 30. **Page 18**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Assed. Leisure	103½	+ 2½
Belhaven Brewery	27	+ 3
Bowater	185	+ 6
Campari	61	+ 6
Christies Intnl.	198	+ 12
ERF	68	+ 3
Fitch Lovell	79	+ 3
Jarvis (J.)	139	+ 13
Lee Cooper	138	+ 8
Lep Group	272	+ 7
Marks and Spencer	101	+ 3
Muirhead	138	+ 12
Nth. British Props.	159	+ 4
Royal Worcester	326	+ 11
Taylor Woodrow	476	+ 9
Vinten	173	+ 7
Weilman Eng.	73	+ 4

FALLS

Treas. 10pc 1992	£82	− 1¼
Treas. 15¼pc 1998	£118¾	− 1⅛
Assed. Dairies	198	− 6
Ford (M.)	24	− 6
General Accident	322	− 6
GEC	478	− 6
Hirst and Mallinson	17	− 3
Stock Conversion	435	− 10
UDT	66	− 3
Berkeley Expln.	182	− 13
LASMO	677	− 18
Marinex	136	− 11
Shell Transport	408	− 4
Tricentrol	328	− 12
Doornfontein	803	− 30
East Driefontein	£10½	− ½
Stilfontein	857	− 29

Windscale safety rules neglected, management admits

BY DAVID FISHLOCK, SCIENCE EDITOR

British Nuclear Fuels last night admitted "errors of judgment by management and departures from safety standards" in connection with a leak of deadly quantities of highly radio-active acid at its Windscale factory in Cumbria.

The company, which was strongly censured yesterday in a report from the Government's Nuclear Inspectorate for its lack of safety consciousness and sound professional judgment, says its senior management "accept full responsibility for the lapses."

The Nuclear Inspectorate estimates the leak lasted eight years and amounted to about 9 cubic metres of acid totalling more than 100,000 curies of radio-activity.

The report, signed by Mr. Ronald Gausden, chief nuclear inspector, concludes that BNFL, a wholly owned subsidiary of the UK Atomic Energy Authority, failed to comply with several conditions of its nuclear site licence for Windscale. But the company had not breached the Health and Safety at Work Act.

Radio-active contamination caused by the leak is confined about 15 feet below the surface, close to the B701 building from which it occurred.

The report says it "has not so far, presented a hazard to workers or members of the public and is not likely to do so in view of the remedial action being carried out."

The B701 building was used from 1953 to 1958 but has not been used since. Unknown to Windscale management highly radio-active fluid was periodically channelled into B701. Tanks overflowed and eventually leaked into the ground.

BNFL management told the nuclear inspectors that before the discovery of the leak it "knew of no reason to treat the liquors in this building as radio-active, nor did they think it necessary to check whether the liquids arising in the plant were radio-active."

Consequently the company did not think that the nuclear site licence conditions applied to B701.

Mr. Gausden makes it plain that he is worried by such statements. Maintenance of safe operational systems "even if well conceived, demands a safety consciousness by management together with sound professional judgment." This was lacking "and was the main cause of this incident."

Mr. Norman Lamont, Under-secretary for Energy, said yesterday the Government had told BNFL such an incident must not recur.

BNFL described the report as a "fair, accurate and comprehensive review of the circumstaces." The conclusions were broadly similar to those of its own internal board of inquiry, which reported last autumn.

Some of the underlying management problems had already ben identified before the leak was discovered, and the Windscale management had taken action.

The Health and Safety Executive, to which the chief nuclear inspector reports, said it had seriously considered the possibility of prosecuting the company.

Mr. John Locke, director of the Health and Safety Executive, said the legal view was that such a prosecution could not succeed, for several reasons. One was the accident had not hurt anyone, and that the company could show that there were back-up safety systems which would have prevented anyone from being harmed by the leak.

Mr. Locke's department has carried out its own "safety audit" of Windscale, along lines it has used on several other UK companies.

Energy Review, Page 6
Nuclear advantage will increase, Page 7.

Britain achieves net oil self-sufficiency

BY RAY DAFTER, ENERGY EDITOR

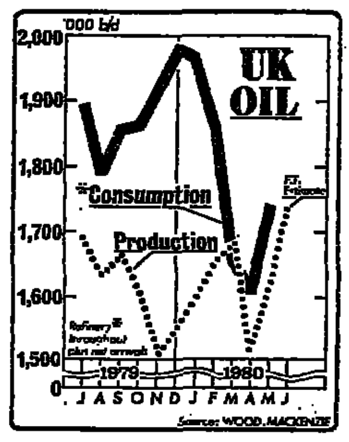
BRITAIN IS now producing more crude oil that it consumes. Latest Government energy figures indicate that the target been reached.

The balance has been achieved as much by lowered consumption levels as by higher North Sea output. Crude-oil production in the three months March to May was 8.2 per cent higher than in the equivalent quarter last year and output is still rising.

Consumption of oil products fell by 14.1 per cent in the same period and there is little sign of this trend being reversed.

According to the Energy Department's latest Energy Trends statistical bulletin, published yesterday, UK oil production rose to 6.83m tonnes, or about 1.61m barrels per day, in May.

Consumption levels can be calculated in several ways. However, if the May deliveries of petroleum products (5.76m tonnes) are added to the amount of fuel used in refineries (604,000 tonnes) and bunkers (225,000 tonnes), the total demand for oil in the month



is seen to have been 6.59m tonnes (about 1.57m barrels per day).

As the latest production and consumption figures have still to be analysed and, perhaps, amended, the Government has not felt able to make a formal announcement about the achievement of self-sufficiency.

The Government would not deem that the UK had reached a true net exporting position until North Sea production had exceeded consumption levels for at least several months.

Last night Wood, Mackenzie, the stockbrokers, said that on the basis of its calculation the UK had not quite reached the self-sufficiency level. It calculated UK consumption in May to be 1.74m barrels per day, based on refinery throughput and net imports of products. By coincidence, the June production level of UK North Sea oil is thought to have been 1.74m barrels per day.

Energy Trends show that production and consumption of all oil products except petrol fell in the March-May period, compared with the corresponding quarter of 1979.

Fuel oil demand dropped by 31.8 per cent, a reflection of lower industrial activity and of the switch from oil to coal burn in the electricity generation industry.

Deliveries of naphtha, the most important raw material for the petrochemicals industry, dropped by 5.3 per cent. But demand for petrol rose marginally by 0.3 per cent.

France wins U.S. teletext order

BY IAN HARGREAVES IN NEW YORK

BRITAIN HAS lost a round in its battle with France over the setting of technical standards for U.S. teletext operations.

The American CBS broadcasting network has opted for the Telediffusion de France Antiope system instead of the British Oracle or Ceefax systems.

Ceefax was developed by the BBC and Oracle by the IBA. CBS has opted for Antiope offer 18 months of trials.

A hybrid of the two British Systems, favoured by leading U.S. television manufacturing companies, has not found favour either.

However, the way in which CBS has handled the decision has sparked a row in the U.S. television industry, which is balloting over which system to recommend as a standard to the U.S. Federal Communications Commission.

With ballot papers due to arrive at the offices of the Electronics Industries Association on Monday, CBS has pre-empted balloting procedure by going straight to the commission with its own recommendation for Antiope.

This move is regarded as offensive by others involved in the ballot because it was CBS which in early 1979 proposed that the Electronics Association investigate teletext standards. It was hoped to present a united industry front to the commission and avoid the chaos which has been caused by dual standards in the early development of other broadcasting media.

Teletext is a broadcasting system developed by the British and designed to offer visual display of broadcast texts. Depending on the sophistication of the system, teletext is capable of considerable viewer selection and two-way communication with the data sources. U.S. television set manufacturers maintain that the British technology is simpler, at a more advanced stage of development and cheaper.

Continued on Back Page

Gilts fall sharply as MLR unchanged

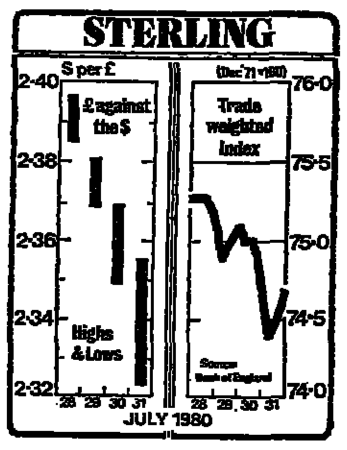
By Peter Riddell, Economics Correspondent

PRICES of gilt-edged stocks fell sharply yesterday following the Government's decision to hold Minimum Lending Rate at 16 per cent.

A cut in interest rates within the next few weeeks still cannot be ruled out, though a lot will depend on the official and market reaction to the July banking figures due to be published on Tuesday.

The absence of any change in MLR led to immediate apprehension in the City about the size of the money supply rise likely to be indicated by these figures.

This concern coinciding with



profit-taking by overseas investors ahead of the holidays and some selling by domestic investors to meet large calls on partly-paid stocks over the next month.

Consequently, prices of long-dated stocks dropped by up to £1¼ and the new 1991 stock closed at £18¾ last night compared with last week's issue price of £20. The FT Government Securities Index has fallen by 2 per cent since Monday.

City estimates of the possible money supply rise last month vary widely. In general the forecasts have been revised upwards following last week's warning by Mr. Gordon Richardson, Governor of the Bank of England, that switching of lending back within the measured money supply after the end of the corset had probably been faster and larger than expected.

Continued on Back Page
Lex, Back Page

£ in New York

—	July 30	Previous
Spot	$2.3465-3480	$2.3620-3635
1 month	1.70-1.65 dis	1.46-1.41 dis
3 months	3.68-3.63 dis	3.58-3.53 dis
12 months	6.85-6.75 dis	7.05-6.95 dis

Industrial aid contingency list planned

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

CIVIL SERVANTS in the Industry Department have been told by Sir Keith Joseph, Industry Secretary, to prepare a list of possible forms of industrial aid which might be introduced this winter if the recessino bites too deeply into manufacturing industry's fortunes.

No firm policy decisions have been reached. The most likely areas for support are research and development, and high-technology ventures which might be damaged by companies cutting back on expenditure because of liquidity problems.

At the same time, it is understood Ministers have authorised the Industry Department's microprocessor application schemet o be allocated its full £55m funds.

This scheme is aimed at increasing the use of micro-electronics in industry. When Ministers first examined it, last year, they imposed an initial limit of £25m, mainly at the Prime Minister's behest. Now the limit has been lifted.

Civil servants are also preparing an overall information technology policy to embrase computers and telecommunications, and this may need forms of substantial financial support.

Further, there are suggestions that some form of aid may be needed to encourage companies to continue with major industrial investment in spite of the recession.

Sir Keith said in an interview earlier this week that a new aid scheme designed to boost such investment was "not in my mind at present."

But, at a time when the Confederation of British Industry is forecasting a sharp decline in manufacturing investment, he did acknowledge concern.

The last Government introduced investment aid under its accelerated projects and selective investment schemes, regarded by senior civil servants as successful.

Some £2.25m of the £6m aid awarded to Dunlop earlier this week for fresh investment came from the selective scheme. It was applied for before last year' General Election.

Sir Keith and other Ministers are however strongly resisting any action which might be regarded as a U-turn on their policies of non-intervention in the privaet sector industry and are not preparing to bale out lame ducks.

But they have been told by leading industrialists that more help is needed for research and development and Sir Keith, along with some Treasury Ministers, is specially sympathetic.

However, the Industry Department's annual budget of about £1bn is fully stretched. Any fresh funds would have to compete with other claims, including the Employment Department's ideas for measures to alleviate the worst social effects of rising unemployment.

Lloyd's to pay £128m

BY WILLIAM HALL, SHIPPING CORRESPONDENT

LLOYD'S underwriters have provisionally agreed to meet the world's largest ever marine claim. They have agreed to pay out $300m (£128m) on losses arising from the failure of the cargo insulation systems of three liquefied natural gas carriers being built in the U.S.

In July last year cracks were discovered in the polyurethane foam barriers in the first of three LNG carriers being built for El Paso Natural Gas at Avondale Shipyards in New Orleans.

The cargo containment system was designed by Conch LNG and its associates. Major components of the Conch system include the aluminium tanks that carry LNG and the polyurethane foam that serves as insulation.

Kaiser Aluminium built and installed the aluminium tanks and formulated and applied the foam on the hull. Avondale and El Paso claimed recompense for the cracked foam from Kaiser, Conch, Conch affiliates and various insurers.

After a meeting yesterday Lloyd's underwriters announced a proposed settlement involving an initial payment of $90m to be paid when the agreement is formally concluded, followed by three further payments of $70m each to be made at intervals of 12, 24 and 36 months from the date of that agreement.

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For latest Share Index 'phone 01-246 8026

ISSUE THREATENS TO SOUR RELATIONS FURTHER

Spain and Nine clash over steel

BY GILES MERRITT IN MADRID

SERIOUS DIFFERENCES over steel have arisen between Spain and the European Community, and risk souring negotiations further between Madrid and Brussels on Spanish membership of the EEC.

The European Commission in Brussels is shortly to announce that a special compensatory *duty of 10.25 per cent is being* imposed on Spain's important trade in steel tubes. The move is certain to provoke anger in Madrid because of the inroads that EEC steelmakers have been making into the Spanish market during the past 18 months.

But the Spanish Government is even more concerned about attempts being made by the Nine to block a large new steel industry development in Spain. The Commission, apparently backed by a number of member governments, is exerting pressure *to prevent Spain investing* in a complex to produce hot rolled coils.

Both *disagreements* are being seen in Madrid as examples of the tough negotiations that lie *ahead and are raising fears* that the Nine may make unacceptable demands over Spain's vulnerable industries. The Spanish concern has been increased further by the realisation that French reservations will now probably ensure that Spain's EEC accession will be delayed by at least a year beyond the January, 1983, target date.

The two steel industry problems that *have arisen between* Brussels and Madrid highlight the fundamental difficulties that *are beginning to dog Spain's bid* for EEC membership. The controversial duty soon to be placed on Spanish exports of steel tubes to the Community results directly from Spain's complex tax structure.

The Madrid Government's inability under the present fiscal system to remove export incentives based on tax rebates has led directly to the special Community tariff. In principle, the incentives were due to have gone following the GATT Tokyo Round.

The issue of whether or not Spain will be actively discouraged from building a Belgian-designed hot rolled coils complex that would come on stream in 1985 is now generating even more tension between *Madrid and the EEC.* Last week, hot rolled coils were dropped from the EEC's Davignon Plan that maintains price and production disciplines in the steel industry. The reason was that overproduction of the coils has threatened to discredit the entire plan.

But Spain, with a thriving export-oriented motor *industry* that will produce more than 1m vehicles this year, needs a sheet steel capacity *to complement an* industry currently based on long products. Manufacturers like Ford Espana at present buy 90 per cent of their sheet steel needs from abroad.

To resolve the issue, the Commission had sought a meeting in Brussels with the Spanish authorities *concerned on July* 9-10. But Madrid pushed for the talks to be put back until the end of September, while senior Industry Ministry officials here now say that a decision on the size and location of the new plant need not be taken until next year.

Lisbon accepts EEC entry may be delayed

BY JIMMY BURNS IN LISBON

Sr. Freitas do Amaral: *calendar not essential*

THE PORTUGUESE Government appears to be accepting reluctantly that Portugal's formal accession to the European Community may be delayed beyond the target date of January 1, 1983.

In recent weeks, Portugal has received reassurances from EEC member states, including West Germany and Britain, that French concern about expanding the Community would not delay its own admission. Significantly, however, Portuguese officials have tended to refer less frequently to the *scheduled date, preferring* instead to insist merely that negotiations would not be interrupted.

Sr. Diogo Freitas do Amaral, the Foreign Minister, said yesterday the question of the calendar was not essential. "Too much importance has been attached to the calendar set for *Portugal's accession to the* EEC," he said.

His statements contrast with the position taken by the Portuguese Government after it took power last January and before President Giscard d'Estaing's suggestion that *present members* of the Community should sort out disagreements about financing arrangements and the common agricultural policy before new members were admitted.

The official emphasis then was on quickening the pace of negotiations to leave no doubt in the public mind that January 1, 1983, was a realistic date.

The Lisbon Government is showing a measure of consistency, however, in looking on Portugal's accession as its major foreign policy priority, stressing at the same time that negotia*tions should continue.*

Sr. Amaral yesterday was emphatic in declaring that accession talks would not be interrupted or suspended "contrary to what was initially feared following President Giscard d'Estaing's statements." He added: "The *only problem* at this moment is the doubts that exist as to whether it is possible to conclude the negotiations within the original schedule."

In contrast to the bombastic statements of the Spanish Government, Portugal is treading carefully on the EEC issue. With less than three months before the general election, the ruling Democratic alliance wants to avoid giving its electorate any *impression that negotiations* are not running smoothly.

Sr. Amaral also said that he was cnofident that the pre-accession aid which the Community is committed to graning Portugal will not be very different in scope and scale to that the Portuguese Government is asking for.

Optimism as North Sea strike talks begin

BY OUR OSLO CORRESPONDENT

HOPES ROSE here last night for a solution to *the* three-week-old strike of seamen and officers on mobile rigs and *accommodation platforms* in the North Sea. The two sides to the dispute met for talks yesterday for the first time, and negotiations will start tomorrow. Spokesmen for the employees and the unions expressed optimism.

The strike involves 2,000 members of the Norwegian seamen's union and of three marine officers' unions working aboard 31 Norwegian vessels. Eleven *of those* are operating in British waters.

Fresh talks between the *unions representing the men* and the Norwegian Offshore Association, whose members employ them, follow the steady refusal of the Norwegian Government to intervene in the dispute . Last week, however, the Government referred to compulsory arbitration a separate strike on production platforms at Frigg, Ekofisk and Statfjord. It took this action after 14 days production had been stopped.

The chairman of the trade unions federation, Mr. Tor Halvorsen, is believed to be the driving force behind this new development.

Shell, Mobil, Chevron, Conoco *and Occidental*, active in the British sector of the North Sea have all felt the effects of the strike by the Norwegian drilling and accommodation workers. Some companies have suffered serious financial losses as a result.

The strike could delay for as much as a year Norsk Hydro's exploratory drilling programme north of 62nd parallel. Work on the Tromso field must be concluded by October 1 because of weather conditions. According to Mr. Harald Norvick, Under-Secretary at the Ministry of Oil and Energy, work will not resume at all this year north of the 62nd parallel unless the strike is called off soon.

The seamen and officers appear *to be willing to* reconsider their earlier demand for a pay increase of roughly 60 per cent, which the employers countered with an offer of 10.3 per cent. Many of the strikers have remained on the rigs for security or insurance reasons and have received full pay. Since they have not suffered financially from the strike, it has been feared it might continue for a long time unless the new round of negotiations are successful.

Tourism warned of harder times ahead

BY DAVID WHITE IN PARIS

THE GROWTH of tourism in western countries slowed sharply in 1979 for the second year running, and was generally weak in the first months of 1980.

Figures compiled by the tourism committee of the organisation for Economic Co-operation and Development show an increase of only 3 per cent in receipts in real terms last year, compared with 7 per cent in *1978 and 13 per cent in 1977.*

In European countries, where three-quarters of the money goes, the drop was even sharper —from 7 per cent *growth to 2* per cent.

The committee, whose annual *report is due in September, con*cluded that the era of spontaneous expansion in the tourist industry appeared to be over and that the sector would have to adjust and innovate if it was to maintain its importance in western economies. In particular it would have to take into account the impact of Govern*ment energy measures.*

The tourism slowdown comes after a period of recovery following the first oil crisis,

Tourism receipts in the OECD's 24 member countries totalled \$62.3bn (£26.6bn) last year. This was 19 per cent higher than in 1978 but the increase was distorted by the declining value of the dollar against other currencies and by rising inflation rates.

The weak start to this year was illustrated by air transport figures, which showed a rise of only 3 per cent in the number of passengers carried by airlines of the International Air Transport Association on North Atlantic *routes during the first* four months, and a 1 per cent drop in traffic between European countries to the end of May.

The volume of foreign tourists last year grew by about 3 per cent. More Britons travelled abroad, but the number of travelling West Germans remained steady and the numbers of American *and French people* travelling abroad dropped.

By far the biggest increase in receipts during the year was scored by Portugal, with a rise of 59 per cent. Ireland was the only OECD member whose *receipts fell—by 6 per cent.*

Sr. Rendueles: greater *independence* and authority

Four-year term for Spanish bank chief

By Robert Graham in Madrid

The Governor of the Bank of Spain, Sr. *Jose Ramon Alvarez* Rendueles, was yesterday sworn in for a four-year term by Sr. *Adolfo* Suarez, the Prime Minister. The ceremony followed the adoption of a new set of statutes designed to make the Bank of Spain more independent politically.

Sr. Rendueles has held office since March 1978, but until now he could have been dismissed at will by the Government. In the past, the post has almost always been *highly political* and has been occupied by people without specific economic or banking qualifications.

Under the new statutes the governor is appointed by the King, on the advice of the Prime Minister, for a fixed four-year term. He must also have either a banking or economic background.

Sr. Rendueles, first appointed at the age of 37, is not only the youngest - ever governor but also one of the highest qualified. His pre*vious posts include the secre*tary-generalship of the Treasury and the directorship of research for the Federation of Savings Banks.

Though nominated originally by Sr. Suarez, Sr. Rendueles is not affiliated to the ruling Union de Centro Democratico and has sought *to avoid an open political tag.*

His experience, coupled with his fixed term of office *under the new statutus*, will have a major impact on Spanish economic and financial policy. Over the next four years Sr. Rendueles is likely to become a powerful, if not the most powerful figure, on the economic scene.

His term lasts through to 1984, so Sr. Rendueles will *still* be in office after the next general election which is due in 1983.

The Bank of Spain, in the absence of sophisticated and varied instruments of financial and economic control, has become a key institution in implementing policy.

Sr. Rendueles has been *determined, since taking* office, to make the bank more independent. Though the process is by no means complete, the new statutes have considerably increased the bank's authority and the governor has clearly gained in confidence.

In his last speech at the *bank's annual meeting*, Sr. Rendueles was bluntly critical of several aspects of Government economic policy. He has also sought, albeit discreetly, to weed out dead wood inside the bank and to ensure that *it attracts top quality staff.*

IFO says recession in W. Germany will last well into 1981

BY ROGER BOYES IN BONN

THE SLOWDOWN in the West German economy is likely to last at least until the second half of 1981, according to the Munich-based IFO research institute. As a result, there will be a small drop in output and a rise in unemployment next year. But, at the same time, the Institute expects inflation to level off and the current account deficit to shrink *slightly.*

IFO appears to share the Government's view that West Germany is not heading for a recession on the scale of 1974-1975 but, nonetheless, the *country is entering a period* where the correct interplay of government and Bundesbank policies, as well as general business confidence, will be of great importance if the country is to stage a full recovery at the end *of next year.*

The main conditions underpinning a recovery, says IFO, *will be: a lowering of West* Germany's high interest rates by the Bundesbank later this year, the introduction of promised tax reductions, more economical use of energy by industry and private house*holds, and the gradual* but noticeable increase in real disposable income. Much depends, naturally, on *relatively moderate* oil price increases over the next year.

The Institute *is reckoning* with a current account deficit this year of about DM *27bn* (£6.5bn) — *some* DM 2bn above the Bundesbank estimate, but forecasts that it could drop *to DM* 20bn next year. This will be partly because of a relatively favourable oil bill. Influenced by energy savings and the economic slowdown, which will cut energy needs, import prices are expected to climb only slowly.

One of the more tangible results of the slowdown will be a rise in unemployment. IFO estimates that the number of jobless will reach 1.1m next year, compared to about 870,000 at present. The total number of employed will be about 1 per cent, or 250,000 down on 1980.

Meanwhile, West German industry is reconciled to a period of austerity. IFO's monthly survey of business opinion shows that manufacturing companies are pessimistic about business *developments over the next six* months. Most industrialists are already reporting a drop in new orders, a fall in orders in hand, and curtailed production.

In the wholesale sector, most companies responding to *this* IFO *survey* report that sales turnover will not reach 1979 levels, despite an average 9 per *cent rise in prices. Similar* reports were given by companies in the retail sector.

Baader-Meinhoff terrorist given life imprisonment

BY OUR BONN STAFF

A WEST GERMAN court yesterday sentenced notorious terrorist Knut Folkerts to life imprisonment for the murder three years ago of the country's *chief federal* prosecutor. It was the first sentence to be passed on a member of the "hard core" *Baader-Meinhoff terrorist* group for well over a year.

The Stuttgart court ruled that Folkerts was one of the three terrorists who murdered Herr Siegfried Buback, the chief federal prosecutor, and his two bodyguards in April, 1977. Folkerts was also found guilty of robbing a Frankfurt arms dealer in the same year and of belonging to a terrorist organisation.

The sentence comes at a time of intensified anti-terrorist activity in West Germany, with police searches in many parts of the country. The drive has been sparked off in part by a car accident last week near *Stuttgart in which two terrorist* suspects were killed. Police later found a number of machine guns and forged passports in the crashed vehicle. By tracing the earlier movements of the passengers, they found evidence that more hard core terrorists were at large in the state of Baden Wuerttemberg and elsewhere.

The murder of Herr Buback as well as the killing of Dr. Juergen Ponto, chairman of Dresdner Bank, and the kidnapping and murder of industrialist Herr Hans Martin Schleyer—led to the establishment of an elaborate anti-terrorist network in West Germany. The Federal Criminal *Office established Europe's* largest central computer for processing leads and a controversial law was passed allowing authorities to isolate terrorist suspects in prison.

The Christian Democratic opposition has been trying to make political capital out of recent events and has criticised *the Social Democrats* for wanting to dismantle the anti-terrorist laws.

Austrian current account deficit doubles to £390m

BY PAUL LENDVAI IN VIENNA

AUSTRIA'S CURRENT account deficit in the first five months of the year doubled to Sch 11.3bn (about £390m) compared with the same period last year. Economic experts warn than it will rise to Sch 46bn *this year, some* 4.7 per cent of the estimated gross national product.

Increased fuel prices were responsible for half the Sch 14.4bn rise in the visible *trade deficit to Sch 39.2bn.*

The boom in investment and consumer spending has given a powerful fillip to imports of machinery and transport equipment and of cars. While exports rose by 12.6 per cent, imports were up 22.7 per cent in the five-month period.

The tourist account shows a 22.4 per cent rise in its surplus *to Sch 15.4bn, but experts point* out that all invisibles will not be enough to offset the pay*ments deficit.* While in *1970* tourism managed to offset almost all of the trade gap, by 1980 the surplus in tourism—after deducting money spent abroad by Austrians—is expected to cover only about half the deficit.

Government stalls while Italian Press sinks into red

By Rupert Cornwall in Rome

A WAVE of stoppages in protest at the Italian Government's failure to push through legislation granting state aid to the Press is disrupting heavily the publication of daily newspapers in the country.

The crux of the issue is the ever deepening financial plight of the Press here. A Bill that would provide about L115bn (£58m) of public money for the embattled industry and extend Government subsidies to publishing concerns forced to lay off workers, has been hanging fire for over two years.

A combination of regional and national action has meant that most papers recently have been off the streets on average for two days each week. Yesterday morning it was the turn of the Lazio and Lombardy regions, leading to a dawn stampede in Rome for those out-of-town newspapers not affected, and depriving the country of its most *important* daily, the *Corriere Della Sera*, published in Milan.

The precise extent of the industry's plight is hard to establish. But Sig. Mario Clemente Mastella, a Christian *Democrat Deputy* pressing for immediate activation of the Government's emergency legislation, claimed this week that its total deficit between 1975 and 1978 was L437bn (£220m). The position is hardly likely to have improved since.

Bank borrowing

In other words, according to Sig. Mastella, the Press has *been losing L69 (3.5p)* per newspaper copy sold. Roughly three-quarters of the deficit has been covered by bank borrowing, weakening further the industry's financial base—and, of course, opening the doors to increased political interference through the heavily politicised banking system.

Within the troubled framework of the industry, there have been a *number* of particular flashpoints. *Roma*, a leading Naples daily, was forced recently to suspend publication temporarily, while many jobs may soon be lost at *Il Messaggero*, Rome's most popular newspaper and owned by the Milan-based Montedison chemical group.

But the industry's difficulties are compounded by its own peculiar nature: Italy's frag*mented regional* structure has meant that few genuinely national newspapers have evolved. The *exceptions* are primarily the *Corriere*, with a circulation of around 600,000, the Turin-based *La Stampa*, and *La Republica* of Rome.

At the same time, readership is low by European standards. Total daily sales just exceed 5m, meaning that only one Italian in 11 buys a newspaper. The highest readership predictably is in the rich North, but in impoverished Basilicata in the deep south only one person in 50 buys a daily newspaper.

In fact, the worry is whether the present agitation may not reduce potential readership still further *at a time when* written journalism is facing the threat of an entrenched, and increasingly professionally organised, network of private television and radio stations.

This anxiety explains in part the reluctance of many groups to back proposals to increase the authorised cover price to L400 (20p) from the present L300 (15p). The last increase from L250 to L300 is believed *to have* resulted in a noticeable decline in readership. But the poor health of the Press has never made politicians lose interest in it. Often indeed newspapers, at least in their political coverage, seem rather conveyors of obscure political smoke signals between one party and another *than* sources of comprehensible news.

Acute interest

The parties and their henchmen in industry who have the money are for ever jockeying for control of different publications. Hence the acute interest aroused by the recent sale *of two leading regional* papers, *Il Resto del Carlino* of Bologna and *La Nazione* of Florence by the financially troubled oil magnate, Sig. Attilio Monti, to a little-known industrialist.

Recently, too, there has been renewed speculation of manoeuvres to modify the control structure of the *Corriere* itself, a part of the L600bn-a-year Rizzoli publishing group which has been in continuous deficit in recent years.

All these factors contribute to the *suspicion* that the politicians, for all the excuses of constant government crises, may be stalling deliberately on new help for the Press industry in the belief that the more rotten the apple, the quicker it will fall into your lap.

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Why Haughey may lead Ireland into an autumn election

BY STEWART DALBY IN DUBLIN

COULD Mr. Charles Haughey possibly be planning a general election this autumn, less than a year after he realised his life-long ambition of becoming Prime Minister of Ireland?

Mr. Haughey is saying nothing. But Dublin, or at least that part of it where political observers linger, is buzzing with speculation that he is considering going to the polls sooner rather than later. The latest time he could call a general election *is mid-1982.*

The revival of interest in the 1970 arms scandal—after a series of articles in Dublin's Magill magazine in the past two months—will probably not swell *into an election issue. Most* people seem to regard the matter as having been dealt with by the courts, and not relevant to Ireland now. But the renewed controversy has emphasised the divisions within the ruling Fianna Fail party. Mr. Haughey was, of course, a principal actor in the drama. The chief prosecution witness against him was Mr. James Gibbons, then Minister of Defence but who later became Minister for Agriculture. Mr. Haughey sacked him when he became Prime Minister.

Mr. Haughey was acquitted of all charges of trying to bring guns into the republic, but was dismissed by Mr. Jack Lynch as Minister of Finance. Not until *1975 did he return to the* Government's front bench, and then only as Health Minister.

The point is that Mr. Haughey was elected by the party when Mr. Lynch retired last December. Fianna Fail has an overall majority of 16 in the 148-seat Dail (parliament), but Mr. Haughey has not been voted into power by the country as a *whole.* Moreover, *his* victory looked very much like one of the backbenchers over the *mandarins.*

> Ireland's Prime Minister has had less than a year to enjoy the office he coveted for so long. This *may outweigh the several* good reasons he has for calling an early election.

Although the voting was never disclosed, it has been assumed that only two of Mr. Lynch's old Cabinet, Mr. Brian Lenihan, now Foreign Minister, and Mr. Michael O'Kennedy, now Finance Minister, voted for Mr. Haughey.

The odds are now strongly in favour of Mr. O'Kennedy going to Brussels as Ireland's European Commissioner. This would leave a Cabinet assumed to be largely hostile to Mr. Haughey. It also still retains as Deputy Prime Minister and Minister for Energy and Tourism the man Mr. Haughey defeated for the leadership, Mr. George Colley.

Mr. Haughey may well feel he wants to have his own team. *The obvious start* would be to win an election.

Tactically it could be a good time to go to the polls. This time there are to be 17 new seats in the Dail. While Mr. *Garret Fitzgerald, the leader of* Fine Gael, the main Opposition party, is confident he can pick up half of them if the swing is big enough (say 8 per cent), the Fianna Fail says it is much better organised in the new seats.

Despite Mr. Fitzgerald's great hope that next time Fine Gael will be the largest party, it would require an enormous swing, with Fine Gael shooting up from its current 45 seats to 73. This assumes that the Labour Party also raises its *share to 20 seats.* Another coalition between these two parties seems more likely.

A coalition would involve Fine Gael and Labour getting their seats and constituencies right pretty *quickly.* Ireland has a system of multiple transfer proportional representa*tion, and seats can be lost if* the preferences are not properly organised.

More than this, they would have to put together a common platform. Opinion polls have *suggested that while Mr. Fitz*gerald is more popular than Mr. Haughey as a party leader, the position is reversed for *their respective parties. Neither* Labour nor Fine Gael have come across as viable Oppositions, which may be partly because, overwhelmingly defeated in the 1977 election, the two went their own ways and opposed as they each saw fit.

Mr. Charles Haughey . . . revels in his job.

Tactics apart, Mr. Haughey has a strong strategic reason for considering the electoral option: the economy is bound to [illegible] *before it gets better.* All the forecasts now are of recession. The latest from the Central Bank predicts a drop *in personal incomes, no growth* in gross national product, inflation of 19 per cent for 1980, and a payments deficit of Ir£700m (£630m). This, basically because of higher oil prices, would be unchanged from that of 1979. Since this level of deficit is not covered by invisible earnings, it means drawing on reserves, taking deflationary action or borrowing abroad if the currency—inde*pendent of sterling for only 18* months—is not to come under pressure.

Mr. Haughey has limited room for manoevure. There is little he can do for the country's 180,000 farmers, whose prices are fixed in Brussels. *Farmers are very* important politically, since they are spread out among a disproportionate number of constituencies compared with the urban workers. The rural constituencies, which have fewer voters, have always been the Fianna Fail's heartland.

Mr. Haughey might also have *trouble with urban workers if* the opening round of the talks between unions and employers for a new national wage understanding is anything to go by. The unions want 20 per cent across the board for one year. Mr. Haughey has suggested that 7 to 8 per cent might be more appropriate.

Mr. Haughey's problems are compounded by the fact that his predecessor, Mr. Lynch, gave so much away. On returning to power in 1977 he started to implement election promises that taxes would be cut and domestic rates abolished.

Another element of the expansion was greater public spending. Incomes did grow, but the economy overheated, and it has fallen to Mr. Haughey to deflate the high expectations. By this time next year, Mr. Haughey might be very popular indeed.

With these economic problems, Mr. Haughey is likely to *make Northern Ireland his main* election issue. Ironically, Northern Ireland is the one area where he has made his real blunder in office, when he tried to transfer Mr. Sean Donlon, the Irish Ambassador to Washington, who had been accused of *being too tough on U.S. organ*isations like Noraid and the Irish National Caucus, which are sympathetic *to the Provi*visional IRA.

But Mr. Haughey has one powerful, *perhaps overpower*ing, reason to hang on. He waited a long time to become Prime Minister, being a front runner as long ago as 1966. He clearly revels in the job, and it would require nerves of steel to go to the polls before his first year is out.

The alternative to an early election is to borrow his way out of trouble this winter. This, of course, will be much easier if oil is found in the Porcupine basin in the Atlantic, off Ireland's west coast. He should know some time this summer if the oil is there. Even so, Ireland's credit rating *is still* good enough for Mr. Haughey to borrow and thereby not deflate too harshly.

This would see him through until the spring of 1982, when Ireland might have the prospect of oil of *its own* and when the British internal initiative on Northern Ireland might have failed. Mr. Haughey is believed to be a gambler, but perhaps a gamble on an election this autumn is just too reckless a throw of the dice.

Egypt ponders reaction to Knesset's Jerusalem vote

BY ALAN MACKIE IN CAIRO

THREE OF President Anwar Sadat's top advisers, Vice-President Hosni Mubarak, Mr. Kamal Hassan Ali, the Foreign Minister, and Mr. Fuad Mohieddin, the senior Deputy Premier, met yesterday to review Egypt's position in the light of the Israeli Knesset's vote on Wednesday night to confirm Jerusalem as the capital of that country.

"Every possible reaction is being considered," a spokesman said after the meeting.

The working group is to report to Mr. Sadat today in Alexandria but it may be some while before the Government makes its position known. It will want first to study world reaction to the new Israeli law and especially the reaction of the U.S. before deciding what action, if any, it will be taking.

President Sadat has said previously that he has no intention of withdrawing his ambassador from Tel Aviv. He has also said that he would not allow the Israeli move to impede normalisation and the autonomy talks, only recently resumed after President Sadat halted them in May when the Bill was first presented to the Knesset.

His first public comment following the vote was predictably low key. The Israeli Government "represents a dangerous problem," he said. Then, playing down the practical significance of the law, he alluded to a move by the Israeli leader, Mr. David Ben Gurion in 1956 to annex Sinai, which came to nothing. But he also stressed that the law had no legality and that it contradicted the spirit of Camp David.

After yesterday's meeting, however, officials said suspension of the autonomy talks and recalling *the ambassador* were certainly options being considered.

In terms of domestic opinion President Sadat has little to lose in doing no more than going through the motions of protest. The Israeli move is accepted as a fait accompli by the majority of Egyptians, while abroad he can rely on world reaction to ease his dilemma.

The daily newspaper, Al Ahram said the President would make his decision today and would inform the Israeli ambassador accordingly.

AP reports from Bonn: West Germany yesterday deplored the Israeli Parliament's decision and said it would hamper peace efforts.

A foreign ministry spokesman also pointed out that the nine European Community states had at their Venice meeting in June recognised the importance of the Jerusalem question for all concerned and were unable to accept a one-sided change in *the status of the city*.

● Hoisting the Palestinian flag or singing the anthem of the Palestine Liberation Organisation yesterday became an offence in Israel carrying a possible prison term.

Black delight at removal of Rhodes statue

By Our Salisbury Correspondent

SOME MEMBERS of a crowd of 300 blacks celebrating the removal of a statue of Cecil Rhodes from central Salisbury yesterday battered it with iron bars.

The removal of the statue of the Empire builder after whom Rhodesia was named was accompanied by the renaming of Jameson avenue in honour of President Samora Machel of Mozambique.

Meanwhile General Sir Edwin Bramall, Britain's Chief of General Staff, yesterday estimated that Zimbabwe would establish a new national army of 50,000 men though many would be "semi-reservists." He said, on leaving Salisbury after a six-day visit that the hard core would be 14 battalions with a total strength of 14,000, but there could be as many as 36,000 reservists.

Cool Israeli welcome for Thorn's mission

BY OUR TEL AVIV CORRESPONDENT

LUXEMBOURG'S Foreign Minister, Mr. Gaston Thorn, arrived in Israel to a cool but correct welcome yesterday to begin the most delicate phase of his Middle East mission on behalf of the European Community.

In advance of his arrival the Israeli Foreign Ministry made it clear that there could be no discussions with Europe or anybody else on the basis of the EEC declaration in Venice on June 13. That enraged the Israelis because it called for Palestinian self-determination and association of the Palestine Liberation Organisation with Middle East peace negotiations.

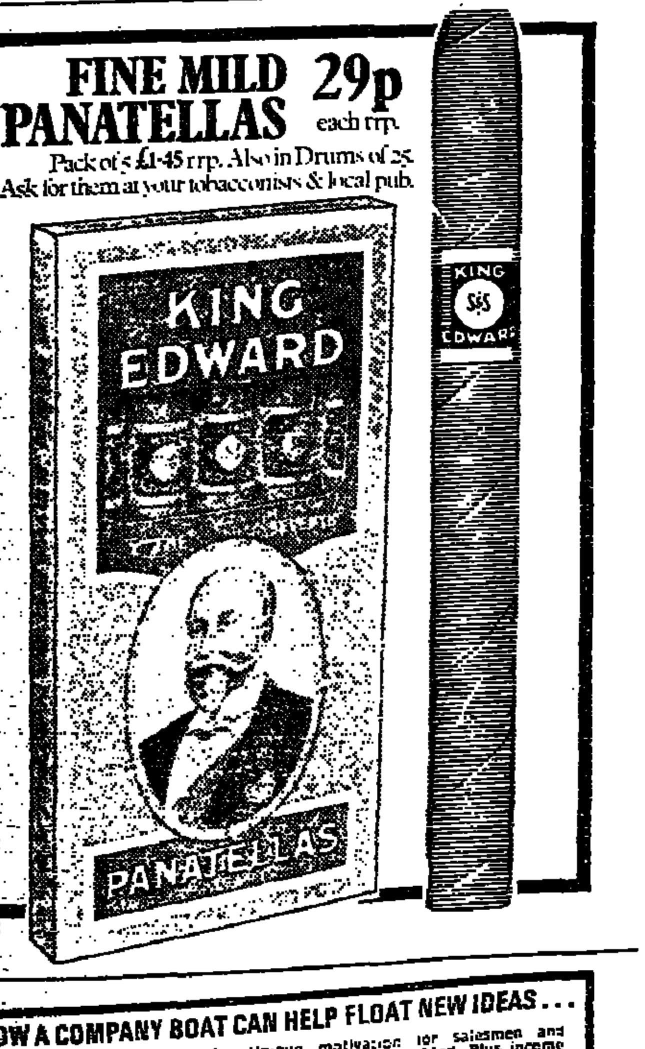
Nevertheless the Foreign Ministry said just before Mr. Thorn landed for a two-day visit that Israel always welcomed the chance to conduct free and open dialogue with friendly countries.

For some time after the Venice declaration, the Israelis were in two minds whether to receive the Thorn mission. But the view prevailed that Israel could not afford to increase its international isolation.

Mr. Thorn, who is current president of the EEC Council of Ministers, said in Tunis yesterday, that he was not visiting the Middle East as a negotiator. His assignment was to listen.

At Ben Gurion airport, Mr. Thorn declined to talk to reporters. He was met by Mr. Yitzhak Shamir, the Israeli Foreign Minister.

Mr. Thorn was due to meet Mr. Menahem Begin, the Prime Minister, who, immediately after the Venice declaration, delivered an impassioned denunciation of its message, likening it to the Munich agreement of 1938.



Tibetans' tour cut short by Chinese

By Tony Walker in Lhasa

A FACT-FINDING visit to the *Tibetan capital*, Lhasa, by representatives of the Dalai Lama was abruptly cut short following a demonstration of support and subsequent criticism from the local Chinese authorities.

A crowd of about 2,000 Tibetans gathered on Tuesday to hear delegation members make impassioned speeches denouncing conditions in the Chinese-ruled Himalayan territory.

The five-man mission, the second group sent by the former Tibetan God-King to *see if conditions* were satisfactory for his return after 21 years in exile, left hurriedly for Peking. They were among a number of exiled Tibetans invited by the Chinese authorities as part of a campaign to persuade the Dalai Lama to return.

The crowd, which gathered outside the delegation's hotel, echoed the words of the Dalai Lama's representative, Phuntsog Wangyal: "Long live his holiness the God-King."

Women wept and young *Tibetans raised their hands* in a traditional gesture of respect, while others saluted with clenched fists when Mr. Phuntsog, chairman of the exiled Tibetan community in Britain, shouted: "May the Dalai Lama's aims and hopes be achieved."

Mr. Phuntsog and fellow members of the delegation have been touring the region for nearly three months. He commented: "Most of what we've seen has made us very sad, especially living conditions which are poor."

The delegation was led by the Dalai Lama's Geneva representative, Tsering Dorjee, and was expected to stay in Tibet until next Wednesday. It is the second team of representatives of the 44-year-old former Tibetan ruler to visit China in 12 months.

Its behaviour drew scathing criticism from a senior official in Lhasa, Mr. Losang Chicheng, who told correspondents that remarks such as those made by the relegates were sabotaging relations between Tibetans and Chinese.

"If they carry on like this, we will declare them unwelcome persons," Mr. Losang said. He is a Tibetan and vice-chairman of the Tibetan regional government.

Chinese troops marched into Tibet in 1950, and nine years later the Dalai Lama fled to India following an abortive uprising. He dropped his demands for Tibetan independence two years ago and said he was prepared to return if convinced that Tibetans were happy under Chinese rule.

Francis Ghiles, recently in Algiers, reports on President Chadli's first 18 months

Algeria taking the slow route to change

CHADLI BENJEDID has already made his mark, 18 months after being elected Algeria's third President. Succeeding President Houari Boumedienne, a forceful figure in post-war nationalism, has been no easy task.

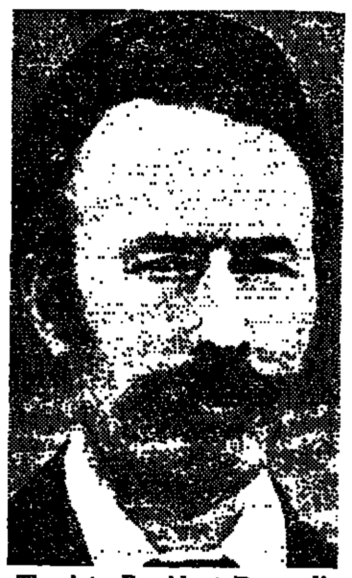
Algeria's youth—half of all Algerians are under 18—are impatient for change after the 13 years of austerity imposed by President Boumedienne. That impatience, and the craving for more freedom of debate, have manifested themselves more openly during the past 12 months, at times getting out of *hand: vicious riots* broke out in the Berber heartland of Kabilia last Easter, and three students were killed last spring in factional fighting at the University of Algiers.

President Chadli has taken a slow and deliberate approach to change. An ex-soldier elected to a post he did not seek, he has removed some of the more apparent irritants of President Boumedienne's legacy. In particular, Algerians no longer need a permit to travel abroad, and the government no longer controls the Khutbah, the Friday sermon, a policy which has hastened the revival of fundamentalist Moslem groups.

The President has not, however, felt strong enough to give freedom to Mr. Ahmed Ben Bella, Algeria's first head of state, overthrown in 1965, although last year he improved the conditions under which he was detained.

Politically, President Chadli was granted full power by the ruling Front de Liberation National at the party's congress last month, to reform the ruling party's organisation. The major thrust of the changes Mr. Chadli has just brought about has been effectively to reduce the party's role and trim the Politburo, its supreme organ, from 17 members to seven.

The problems confronting Algeria's third President are very different from those his



The late President Boumedienne . . . a forceful spokesman

predecessors had to tackle. Mr. Ben Bella took over a country ruined by eight years of struggle for independence, which claimed 1m Algerian dead and ended with the departure of more than 1m Europeans who held most of the skilled jobs and owned much of the richest agricultural land.

When Col. Boumedienne ousted Mr. Ben Bella in 1965, little had been done to organise the country internally, although Algeria's foreign policy had already acquired the Third World radical image which the new President was later to enhance. Since 1962, the population has doubled to close on 20m, while per capita income has risen to $1,225, the third highest in Africa—and much *more evenly distributed than in* most Third World countries.

A heavy industrial base has been built, while the armed forces are among the best equipped in Africa.

The problems now facing the Algerian leadership are more prosaic but none the less complex. How to improve *productivity? How to widen* the industrial base to create more jobs and be less dependent on imports? How to enhance the status of agriculture and improve a rapidly declining production? How to make more Algerians participate in running their own affairs without seriously undermining the regime?

In many ways, the new President is well suited to this task. He commanded the western Oran military region for many years, very rarely leaving Algeria. The outside *world is of little interest to* him, while during his years in Oran he came to be liked and respected by local people for the concern he showed for their daily needs.

The most noticeable shift in Algeria since President Boumedienne's death has *occurred in the economy*. The recently released third five-year plan (1980-84) and the timid opening to the private sector have given heart to those in Algiers who believe President Chadli will continue to loosen the rigid policies of the Boumedienne era.

While industry will continue to claim $39bn of a total of $104bn allocated to spending during the next five years, the emphasis will be on completing projects started under the last plan (1974-78) and improving the often abysmally low productivity.

The disgrace which has befallen the industrial overlord of the Boumedienne era, Mr. Belaid Abdesselam, was more than *symbolic*. Last year he lost his post as Minister of Industry and only last month he was eased out of the polit*buro*.

Sonatrach, the giant oil and gas company, is bearing the brunt of the changes. It is being broken into smaller units in an attempt to make it more accountable and to make decision-making more decentralised, although its head, Mr.

President Chadli . . . silent *unless he has something to say*

Belkacem Nabi, the Minister of Energy, will retain executive control.

Other *state* corporations are also being reorganised, and this should help to rein in *corruption. While this has been* less of a problem in Algeria than in other Third World countries, its rise in recent years has upset many Algerians.

Recent changes affecting agriculture are also crucial. Basic wages for farmers have been raised to the same as those for industrial workers, which could stem the exodus from the land. This is proving an intolerable burden on the major cities, and has cut food production sharply in recent years.

Opposition to collectivisation *has resulted in* 40 per cent of all arable land being abandoned. The result is a soaring import food bill. Farmers will henceforth be allowed to market their produce directly, bypassing the inefficient and often corrupt state marketing boards. These decisions, more than the $12bn allocated to agriculture and water resources during the next five years, could help to turn the tide.

Housing, education and health claim $33bn in the plan, but there are doubts as to whether enough homes can be built to catch up with demand. This is a potentially explosive issue, as some towns, not least Algiers, are so short of housing that most youngsters when not at school can only roam the streets.

Overall, the authorities want to lift economic growth from 7.2 per cent a year (1967-78) to *10 per cent in 1980-84, and this* they hope to do thanks to the increase in the price of gas. Algeria exports only 4 per cent of the Organisation of Petroleum Exporting Countries' oil, but is its largest producer of natural gas. Since last January, Mr. Nabi has been waging battle with French and U.S. customers to align the price of gas with that of oil—which would effectively double it. He has partly suspended deliveries to El Paso of the U.S. and Gaz de France to make his point. *Even if Sonatrach* does not win hands down, observers agree that the price of gas will go up sharply in the next few years.

President Chadli is unlikely to emerge as so forceful an international spokesman as his predecessor. He is quite deliberately concentrating his attention on domestic issues, in the full knowledge that he has the support of the army, of which he is the most senior officer.

The late President was in the habit of making long speeches denouncing "Western exploiters," which bored many Algerians, who had enough in their own country to fight against in order to survive. President Chadli, on the other hand, is known as the "deaf mute." Unlike many Arab leaders, he speaks only when he has something to say.

AMERICAN NEWS

WORLD TRADE NEWS

THE 'BILLYGATE' AFFAIR

Carter admits discussing cables

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT JIMMY CARTER has admitted discussing the content of low-security cables from the U.S. Embassy in Libya with his brother Billy two years ago. But a White House statement said the President "did not now recall" showing his brother the text of the cables or giving him copies.

The President's admission came in response to leaks by Republican Congressmen on Wednesday of Justice Department records which indicated that Mr. Billy Carter told Government investigators earlier that he had copies of State Department cables to and from the Tripoli Embassy, and that "Jimmy gave them to me."

It runs counter to the President's general contention that on official business he treated Billy, who finally registered on July 14 as a Libyan Government agent, little differently from any other U.S. citizen.

These events have deepened anxiety among most Democratic leaders, who still think President Carter will and should be re-nominated as the party's presidential candidate at its New York convention starting in ten days.

A Harris opinion poll this week put Mr. Carter's popularity at only 22 per cent, an all-time low.

Yesterday, a Washington lawyer, Mr. Edward Bennett Williams, was named to head a drive by several younger rank-and-file Democratic Congressmen and a few democratic state governors to shake Mr. Carter's hold on his 1,990-strong majority of convention delegates won in the primaries. Senator Edward Kennedy, who gained less than 1,300 delegates, stands to gain from an "opened-up" convention, and other candidacies are mooted.

The latest revelations, given prominence by a U.S. Press eager to display impartiality after the mid-1970s Republican scandal of Watergate and to report the fluidity of politics in an otherwise stale season, include the claim by a Justice Department official that Mr. Billy Carter lied to government investigators on two separate occasions about his Libyan links.

Mr. Joel Lisker, chief of the Justice Department's foreign agent registration unit, said the President's younger brother earlier denied receiving Libyan money, which he finally admitted this month amounted to $220,000. The department is not planning to prosecute Mr. Billy Carter for the alleged lies, but is checking his July 14 registration statement for its veracity.

Mis-statements in that July 14 registration could result in Mr. Billy Carter being prosecuted on criminal charges, the department said yesterday. A number of complaints, particularly by Republicans, is that the Administration let the President's brother off too lightly in a civil settlement of the agent registration issue.

Billy Carter, left, claims his brother, right, gave him copies of Embassy cables. President Carter cannot recall doing so.

The likelihood that Mr. Billy Carter has been scatter-brained at best and mendacious at worst during this whole affair has deepened uncertainty in the Democratic party that more damaging allegations will emerge from the current Senate investigation, which is gearing up for public hearings.

President Carter said he was willing to testify in person "the sooner the better" to the Senate panel, made up of five Democrats and four Republicans. Senator Birch Bayh, the panel's Democrat chairman, has said Mr. Carter could testify next week—before the New York convention—if he wanted to. Republicans, with the opposite political motive for spinning out the affair, argue the investigation would not be advanced enough for the President to take the witness stand.

The White House has seen its "full disclosure" counter-offensive blunted by the State Department cable revelations and Mr. Billy Carter's alleged untruths. But it is still confident of exoneration.

"I think when we get to the bottom of this, the people who made such a big deal of this cable thing are going to be more embarrassed than the White House," Mr. Jody Powell, the White House Press Secretary, said yesterday.

The cables in question were not top secret, the White House said, but "low-classification cables from our embassy in Libya reporting on Billy Carter's first trip in September, 1978."

U.S. moves to settle EEC steel dumping row

By David Buchan in Washington

HIGH LEVEL U.S.-EEC talks here have explored the possibility of a negotiated end to the anti-dumping suit brought by U.S. Steel this spring against steel producers in seven European countries.

The initiative has come from Mr. Reubin Askew, the U.S. Special Trade negotiator, who is known to be aware of Europe's concern that it should not be either shut out of the U.S. steel market or saddled with big dumping duties. Mr. Askew does not want to add to the number of U.S.-EEC trade disputes, and would favour a return to the old form of U.S. steel protectionism—trigger prices—which were dismantled this year.

Just after meeting Viscount Etienne Davignon, the EEC Industry Commissioner, here this week, Mr. Askew commented "September might be a good time for a real possibility of accommodation" on steel. The EEC for its part, while publicly maintaining its innocence of dumping and determination to fight the U.S. steel case, is inclined towards an out of court settlement, U.S. officials believe.

Mr. Askew pointed out to Viscount Davignon and EEC officials this week that early steel negotiations would give the U.S. Administration more flexibility to make concessions. The U.S. Commerce Department is due to rule by October 17 on whether dumping by the Europeans has occurred and if so by what margin below domestic EEC production or sales prices.

If after that date dumping is formally found, Mr. Askew as special trade negotiator can by law only strike a deal with the European steel makers which would raise their U.S. selling prices by 85 per cent of the dumping margin.

In his two days of talks with top administration officials, Viscount Davignon also expressed European concern that possible U.S. curbs on Japanese car imports might deflect these to the EEC, and particularly to the more open markets there such as West Germany.

Spain buys more Iran oil; Japan may re-open talks

BY PATRICK COCKBURN IN TEHRAN

IRAN IS to increase its exports of oil to Spain under the terms of a contract signed last month as its prospects for increasing crude exports above the 750,000 barrel a day mark brighten.

The Spanish company Petronor is to raise its oil purchases from 12,000 b/d to 40,000 b/d from November. This is in addition to some 79,000 b/d, or 10 to 12 per cent of its total requirements, which Spain will be importing from Iran during the final quarter of this year.

Commercial relations between Iran and Spain have flourished in the last 12 months. Spanish exports to Iran will increase to $500m this year compared to $130m last year, according to diplomatic estimates. The bulk of supplies are foodstuffs and steel. Trade is assisted by the fact that no visas are required by Iranian or Spanish citizens visiting each other's countries.

In June contracts were signed in Tehran with three Spanish oil companies to take an additional 47,000 b/d at the official price. One company, Cepsa, will take a total of 30,000 b/d from September under a six-month contract. Some 20 per cent of this will be refined product and the rest divided equally between light and heavy crude.

The main hope for a big increase in Iranian oil exports lies in the return of the Japanese companies who were purchasing 530,000 b/d until Iran increased the price of its crude to $35.37 a barrel in April, well above the average for the Gulf. At the same time the Japanese Government came under heavy pressure from Washington not to purchase oil from Iran so long as the U.S. diplomats were held hostage.

The Japanese have insisted that their motives for ceasing to purchase Iranian oil were purely commercial; though it appears that some of the smaller companies would have returned to Iran if they had not been restrained by the Government in Tokyo.

With increases in Gulf oil prices from July 1, and the probability that Saudi Arabia and the United Arab Emirates will move towards the $32 reference mark for Gulf light oil, Iran's crude now looks more attractive.

According to oil industry officials, Japan's Ministry of International Trade and Industry has given the go-ahead for serious negotiations to start in September on the resumption of oil purchases during the fourth quarter of the year. The Iranian Press has also reported that a delegation from the Japanese companies is expected soon in Iran to discuss the resumption of oil purchases.

Coincidentally, Oil Minister Mr. Ali Akbar Moinfar said yesterday that there would be no increase in Iranian prices in August.

Soviet plant 'delay' angers French union

BY DAVID WHITE IN PARIS

THE POWERFUL metal workers' branch of the Communist-led CGT trade union has called for explanations from the French Government on alleged political pressure to delay negotiations on a major steel project in the Soviet Union.

France's Creusot-Loire engineering concern was one of a number of Western companies contacted by the Soviet Union after the original contract, involving the U.S. Armco group in conjunction with Nippon Steel of Japan, was called off at the beginning of the year. This was under the U.S. embargo which followed the Soviet intervention in Afghanistan.

Neither Creusot-Loire, which relies heavily on French Government contracts in the nuclear sector, nor the Government was prepared to make any official comment yesterday.

It is understood, however, that the Government made it clear when negotiations were first started that it was not keen to see a French group move in to take the cancelled U.S. contract. The deal is estimated to be worth some FFr 1.5bn (£155m).

The union has sent an open letter to M. Raymond Barre, the French Prime Minister. It alleges that despite obstacles placed in the way of the contract, a deal was ready to be signed at the beginning of the summer, but that the Government toughened its stance after the Western summit in Venice.

SAA, Air Zaire discuss joint cargo scheme

By Bernard Simon in Johannesburg

SOUTH AFRICAN Airways and Air Zaire are discussing a joint cargo service between Johannesburg and Kinshasa, the Minister of Transport, Mr. Chris Heunis, said in Pretoria yesterday. An experimental flight, using a Boeing 707 freighter, took place last week.

The opening of Kinshasa to South African Airways comes only five months after the introduction of regular passenger flights between Johannesburg and Zambian capital Lusaka.

Black African countries have in theory refused landing rights to South African aircraft since 1963, and all SAA flights to Europe are routed around the "bulge" of West Africa. However, besides Zambia and now Zaire, SAA already operates regular services to the Ivory Coast, Malawi, Mozambique, Zimbabwe, Mauritius and the Seychelles. Charter aircraft from South Africa are believed to land regularly in several other African countries.

South African exports to Zaire are substantial. They include foodstuffs (mainly potatoes, onion, fruit and milk), spares and mining equipment. European airlines currently operating cargo flights between the two countries estimate that they carry about 50-100 tons of freight a week. Rail traffic to Zaire has increased considerably in the past few years. South Africa's imports from Zaire are negligible. Coffee shipments were recently stopped.

● The Export Credits Guarantee Department has guaranteed a US$23.5 (£10m) lineof credit which Standard Chartered Bank has made available to the Bank of Ghana.

This is the third ECGD-backed line of credit to be made available to Ghana. The two previous lines, both signed in 1978, were fully used by British exporters.

Brazilian inflation tops 100% in July

By Diana Smith in Brasilia

THE BRAZILIAN Government, through a succession of leaks, has warned that year-on-year inflation reached 104 per cent by the end of July, after just staying out of three figures in June, when the year-on-year rate was 99.2 per cent.

The rising cost of oil derivatives, and agricultural produce, once heavily subsidised, but now being allowed to reach their "natural level" is being blamed for the latest rise in inflation.

The price of petrol and other oil derivatives has been increased for the second time in less than 30 days.

From today, Brazil's motorists must pay Cr38 (30p) a litre for a mixture of 80 per cent petrol and 20 per cent alcohol—a high price in a country where the average industrial wage is Cr 6,000 (£48) a month.

The impact of average monthly inflation rates this year of 5.5 per cent on industrial overheads is hurting key sectors such as capital and durable consumer goods.

Job creation, which must exceed 1.8m new jobs a year to match an annual population growth of just under 3 per cent, has fallen far short of target. In Sao Paulo, the hub of Brazil's industry, unemployment is now 8 per cent.

The situation is aggravated by the external payments position with a payments deficit of $12bn (£5.1bn) and a foreign debt of $56bn.

Sr. Joao Figueiredo, the country's President, told the people of the impoverished, drought-ridden north-east region this week that "there is no money left for anything, because we must give priority to our balance of payments. This grieves me, but it is the truth."

The tensions created by rampant inflation among Brazil's low and medium wage-earners—the majority of the population—cannot be underestimated. disclosure yesterday that the Government plans to cut automatic six-monthly, inflation-indexed wage increases which, it says, are inflationary in themselves, has caused dismay.

These increases are running a good 20 per cent behind year-on-year inflation—a source of great bitterness.

House votes $5bn Eximbank funds

BY IAN HARGREAVES IN NEW YORK

THE U.S. Export-Import Bank, the state agency which supplies credit for foreign buyers of American capital goods, should be released soon from the funding squeeze which has brought its activities to an almost-complete standstill.

Late on Wednesday the House of Representatives approved a $5bn (£2.1bn) budget for the Eximbank for fiscal 1980, ending in September.

Until now, the bank has been surviving from hand-to-mouth on its frozen $3.5bn 1979 budget, whose provisions it had more or less exhausted. According to the bank, there are now over $8bn of applications for either direct loan support or loan guarantees pending.

The bank's budget has primarily been a victim of Congress's various attempts to control Federal spending, but its efforts to win Congressional support for more funds have also been harmed by criticism from some politicians that it has not applied sufficiently careful controls to its allocation of aid.

There was sharp criticism over the bank's decision earlier this year to support a $290m loan to Ansett Airlines of Australia to buy aeroplanes from Boeings. Because the Airline is owned by Mr. Rupert Murdoch, the publisher, there were allegations that President Jimmy Carter had backed the loan in order to gain support for his re-election campaign from one of Mr. Murdoch's New York newspapers.

The more fundamental issue, however, is whether the Eximbank should be strengthened as part of the Administration's efforts to revitalise U.S. exports and to reverse the country's dismal record in world markets in the last 10 years.

One set of proposals now before Congress envisages wide extensions of Eximbank's flexibility, in order to allow it to compete head-on with what American exporters consider the over-generous credit terms available from European governments, especially in support of such sales as that of the European Airbus.

Mr. John Moore, president of the bank, has frequently called for a moratorium on soft credits, especially to customers in the developed world.

Alberta raises oil price today

BY OUR FOREIGN STAFF

THE CANADIAN province of Alberta will raise the price of its crude oil today by C$2 a barrel to C$16.75 (US$14.41) following the breakdown of talks on an agreed increase with Mr. Pierre Trudeau's federal Government.

Alberta, producer of about 85 per cent of Canada's domestic oil, is acting within its rights, since the British North America Act, the Canadian constitution, gives the provinces jurisdiction over their natural resources. But Ottawa has powers over inter-provincial trade and over exports, and the entire question is of such political importance that the federal Government feels closely involved.

First indications were that Mr. Trudeau would grudgingly accept the Albertan decision, announced after four fruitless meetings between himself and Mr. Peter Lougheed, the Premier of the province. It is generally accepted that the Canadian price will have to rise above its present subsidised level. The differences arose over the amount and the speed at which increases should be carried out.

On the federal side three matters are involved. Mr. Trudeau's election campaign in January and February was largely based on a promise to prevent petrol prices from rising as quickly as the Government then in office proposed. The manufacturing industries of central Canada badly need the competitive advantage of a low energy price. On the other hand, the need to subsidise imported oil down to the Canadian level has been placing ever increasing strains on the federal treasury.

Carey French adds from Toronto: A settlement has been reached in the month-old strike which shut pulp and paper mills operated by Abitibi-Price Inc., in Ontario, Quebec, and Newfoundland, and left idle 24 per cent of Canada's newsprint capacity.

An official of the Canadian Paperworkers' Union (CPU), which represents about 6,300 Abitibi-Price workers, said a new two-year contract has been approved by union members.

The wage and benefits package has yet to be officially unveiled, but it is understood to provide workers with increases worth $3.75 an hour over the life of the agreement.

$1.4bn 'synfuel' pact signed

BY NANCY DUNNE IN WASHINGTON

THE U.S. moved ahead yesterday in efforts to develop its coal resources, with the formal signing of an agreement with West Germany and Japan to build a $1.4bn (£595m) synthetic liquid fuel plant near Morgantown, West Virginia.

The project is execuled to turn 6,000 tons of high sulphur coal a day into the equivalent of 20,000 barrels of oil when it goes into production in 1984. The oil produced will be suitable for refining into petrol, home heating oil, or boiler fuel.

Construction is due to begin next spring with West Germany and Japan each paying 25 per cent of the costs of the project. Private industry — Gulf Oil, Ruhrkohle AG and Veba from West Germany and a group of Japanese companies represented by Mitsui—will provide up to $100m of the costs. The Energy Department will fund the remaining costs and research.

The White House has announced a parallel effort to build a second synthetic fuels plant in Kentucky. Funding would be provided by the Energy Department, the State of Kentucky, and a new company called International Coal Refining.

Two Bolivian army chiefs replaced

By Mary Helen Spooner in La Paz

BOLIVIA'S Gen. Luis Garcia Meza has demoted two high army officials and replaced them with military officers who have shown more support for his régime.

The commanders of the army's Seventh Division in Cochabamba and the Second Army Corps in Santa Cruz have been replaced by two colonels. The civilian director of the Bolivian Post Office has also been replaced by an army official.

Brazil has announced it will formally recognise the new Bolivian régime.

The Soviet Union, which has been building a $35m (£14.9m) tin processing plant near the southern city of Potosi, is reported to be seeking some form of co-operation with the new régime.

Mr. Hooper's boom goes bust

BY DAVID LASCELLES IN NEW YORK

BRITISH LEYLAND may have its troubles at home, but to the 30,000 inhabitants of the depressed industrial town of Newark, Ohio, it was their one big hope of salvation. That is, until last Saturday, when a certain Mr. Timothy Hooper who had stirred those hopes in the first place was arrested on a charge of passing a bad cheque worth $72,850 (£31,000).

Mr. Hooper is now out on a bond of $90,000 awaiting further hearings to determine whether this charge and others covering cheques totalling more than $400,000 should be passed to the local grand jury.

But whether or not he ends up in court, Newark's hopes of an economic boom have vanished. "The city was just ripe for something like this," a local official commented yesterday.

The British Leyland saga started several months ago when Mr. Hooper arrived in town claiming to be a BL agent. He dropped hints that the British carmaker was thinking of building a $20m facility to make spare parts for a big export drive in the North American market.

To the local inhabitants, hit by the recession and a slump in the housing market, this seemed like a dream come true.

Mr. Hooper, described as a man of considerable charm and persuasive ability, visited a number of local banks, businesses and law firms, and was apparently accepted as genuine.

For weeks nobody troubled to check him out with BL, which has a U.S. office in New Jersey. But when they finally did earlier this month, they learned that BL had not only never heard of Mr. Hooper, but that it definitely had no plans to build the Newark facility.

When news of this reached Newark, Mr. Hooper's standing fell somewhat, and he admitted himself into the local hospital last week complaining of a headache. It was here that Mr. David Johnson, the assistant prosecutor, found him and arrested him on the bad cheque charge.

A BL official reiterated yesterday that there was "absolutely nothing" in Mr. Hooper's claims.

Tokyo plans to open up telecom bids

TOKYO—Japanese trade representatives will offer specific proposals to their U.S. counterparts next week to resolve the friction over the lack of access to foreign bidders for the contracts of Japan's communications monopoly, the Nippon Telegraph and Telephone Public Corporation (NTT), Japanese officials said on Thursday.

The officials of the Ministry of Posts and Telecommunications said ministry chief Ichiro Yamanouchi disclosed that the Japanese side in the working-level talks scheduled to begin on Monday will propose opening up bidding to foreign companies on certain telecommunications equipment such as utility poles, terminal components, transformers and other implements already available on the world market, as long as such items meet NTT standards.

The Japanese will also propose joint research and development with American makers on NTT principal equipment, such as telephone receivers, switchboards and other items that have to be produced according to NTT specifications, with the possibility of purchasing such equipment from U.S. makers if quality standards are met. AP-DJ

Innocenti may use Japanese car engines

By Rupert Cornwell in Milan

THE ITALIAN Innocenti car group is seeking to import up to 150,000 engines a year from Japan to equip vehicles produced by the company controlled by Sig. Alessandro de Tomaso.

The news of what is certain to be a controversial proposal was given by Sig. Antonio Bisaglia, the Industry Minister, at the inaugural session of the special Government committee to look into ways of assisting the troubled Italian car industry.

Few specific details of the Innocenti scheme have emerged. Sig. Bisaglia made clear that three different engines might be involved in a joint venture with Innocenti, which in the past has had close links with British Leyland.

The proposals have thrown the country's car sector into even greater turmoil over the burning issue of relations with Japan. A row over the planned deal between Alfa Romeo, the state-owned car group, and Nissan of Japan, has already blown up.

Mexico will double oil sales to Brazil

BY DIANA SMITH IN BRASILIA

FROM 1981 Mexico will sell Brazil 50,000 barrels of oil a day at a price unofficially quoted as $32 a barrel. This represents two and a half times the volume that Brazil currently imports from Mexico.

The increased volume was announced in Brasilia by President Jose Lopez Portillo of Mexico during his three-day official visit to Brazil. Sr Lopez Portillo also indicated that, in the more distant future, oil sales to Brazil could increase further still, since Mexico would be stepping up its production of crude.

Brazil depends on imported crude for 85 per cent of its consumption needs of 1.5m barrels a day. Because of the political uncertainties in the Middle East, where Iraq accounts for over 45 per cent of Brazil's imported oil, energetic efforts have been made to diversify suppliers and, in 1979, Brazil began to buy modest quantities of oil from Mexico.

During Sr. Lopez Portillo's visit, a broad-based memorandum of intent on economic co-operation was signed covering co-operation in the areas of oil, petrochemicals, mining and metallurgy, capital goods and agro-industry.

According to the joint statement made by President Lopez Portillo and Presidente Figueiredo of Brazil, a fundamental part of this co-operation is supply to Mexico by Brazil of iron ore, bauxite and alumina, as well as a Brazilian share in creation of an iron ore pelletizing plant in Mexico; and technical assistance in bauxite mining.

Eastern orders more Boeing 757 aircraft

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

EASTERN Air Lines of the U.S. has increased its order for the new Boeing 757 twin-engined jet airliner from 23 to 27 aircraft. In addition it holds options for another 24 aircraft.

The four aircraft now additionally firmly ordered are worth $120m including spares. They will use the Rolls-Royce RB-211 Dash 535 engines, like the original 23. The four aircraft replace four smaller Boeing 727s ordered earlier by Eastern.

Giving reasons for increasing its order, Mr. Frank Borman, president of Eastern, said that continued rises in fuel costs and other operating expenses "make it imperative that Eastern acquires the most productive aircraft available for the years ahead."

Eastern Air Lines, along with British Airways, launched the Boeing 757 airliner programme in March, last year, with a combined initial order for 40 aircraft (Eastern 21, BA 19).

The first flight of the 757 is scheduled for early 1982.

Midland export values rise

By Lorne Barling

THE VOLUME of exports from the Midlands, the UK's major manufacturing area, is holding up well, despite the strength of sterling and the inflation rate. This is partly attributed to greater efforts in selling abroad.

The value of exports from the area covered by the Export Credits Guarantee Department has increased by around 10 per cent in the first half of this year.

Export orders resulting from overseas missions had increased by 30 per cent in the first six months of this year, compared with the same period of 1979.

SINGAPORE

Second thoughts on mass transit

BY KATHRYN DAVIES IN SINGAPORE

SINGAPORE is having last minute second thoughts about a proposed mass rapid transit (MRT) system for the Republic. Several MRT studies have been carried out during the past ten years and the most recent of these—a preliminary engineering design—was completed only last month.

The Government also recently set up a statutory board, ostensibly to devise a financing and development strategy for a combined rail and bus system, linking the city state's business centre with dormitory towns in the east, west and north.

However, at the beginning of June a team of American economists and architects from Harvard University arrived at the invitation of the Communications Minister to evaluate the basis for facts and assumptions which underline past studies and current proposals," in the words of their spokesman Mr. Kenneth Hansen. And in an interim report Mr. Hansen and his colleagues have expressed serious doubts about the kind of mass transit system envisaged.

The British consultancy firm of Mott, Hay and Anderson, in conjunction with the Halcrow International partnership and London Transport, had been working on a system which provided for a 31 mile T-shaped railway configuration physically close to the homes of about half of Singapore's 2.4m population. But the American economists argue that the current construction of a number of multi-lane highways could enable the existing bus system to be expanded sufficiently to make construction of a railway network unnecessary. They also say that improved traffic management in central areas at peak periods could help to alleviate congestion.

Signs that the Government is taking these reservations seriously have already come from Mr. Ong Teng Cheong, Communications Minister. Mr. Ong said this week that at an estimated $2bn "it (MRT) is an expensive proposition and it may well be more prudent to wait."

The Government has never been enthusiastic about such a substantial capital investment and could seize on these latest findings to postpone a decision. There are also fears that construction workers, needed for Singapore's drive to upgrade its economy, would be siphoned off by the proposed railway lines, leading to a chronic shortage of labour.

No final decision has yet been taken and the American team is currently working on its full report to be presented on September 15. Ordinary Singaporeans seem to be in favour of the original MRT scheme, despite the temporary disruption its construction would cause. And, as both Mr. Ong and the Americans admit, there are two views in the Republic on whether the present bus network will prove adequate to cope with the demand for public transport during the next few years.

Goldsmith leaves Cavenham board

BY CHRISTINE MOIR

SIR JAMES GOLDSMITH, Mme. Gilberte Beaux and Mr. Peter Hill-Wood, all directors of Generale Occidentale in France, have resigned from the board of Cavenham, its UK retailing subsidiary.

The deal appears to represent a further stage in the internal restructuring of the food interests of Generale Occidentale. In April Cavenham disposed of its main food manufacturing side to Beecham for £42m, and Generale Alimentaire's food manufacturing businesses in France went to BSN-Gervais-Danone.

A spokesman said Sir James said he was resigning as chairman of Cavenhams because he believed it to be wiser to concentrate all my efforts on my role as chairman of Generale Occidentale, which wholly owns Cavenham. Sir James's position as publisher of Now! magazine is unaffected.

His successor as chairman of Cavenham has not been announced, but the UK company yesterday revealed a number of promotions and board appointments. Mr. Bowman Gray is the U.S. vice-president. He is to join the main Cavenham board together with fellow American Patrick Deo.

M. Elie Fellous, the French finance director of the group, also joins the board. From Britain the appointees are Mr. David Eastham, former senior partner of Joseph Sebag, stockbroker and now with Banque Occidentale in London; Mr. Kenenth Richards from Cavenham's tax department; and Mr. Joseph Schuldenfre.

In April when Generale Occidentale announced its plans to get out of food manufacturing and concentrate on food distribution nad retailing, there was considerable speculation in the French markets that some major acquisitions were being planned.

Since then Cavenham's U.S. arm has tendered $42 a share for 4.5m shares—around a third—of Diamond International, a forest products group.

Yesterday on the Paris Bourse Generale Occidentale's shares were unchanged at FFr 349.8. Their lowest level for the year was FFr 264 and the peak to date has been FFr 358.8.

Rejection of Meriden bid confirmed

By John Griffiths

THE GOVERNMENT confirmed yesterday that it had rejected the terms of Armstrong Equipment's proposed takeover of the Meriden motorcycle workers' co-operative.

Armstrong had wanted all the cooperative's debts to the Government waived.

"The proposal—on which Armstrong felt unable to negotiate — would involve some £11.25m on top of £1.25m of grants already provided to Meriden with taxpayers' money," Mr. David Mitchell, Industry Department Under Secretary, said in a written Commons reply.

Despite a claim in Armstrong's proposals to the department that Meriden was losing more than £300,000 a month, there were no indications last night that the Government would act immediately to liquidate the co op.

It appears Mr. Geoffrey Robinson, the Labour MP for Coventry North West who acts as the co-operative's unpaid chief executive, may be given more time to seek a buyer for the co op, which is reduced to two day workiig.

Neither Mr. Robinson nor Mr. Harry Hooper, Armstrong's chairman, were avail- for comment last night.

Sasse accounts audited

BY CHRISTINE MOIR

THE 1977 accounts of Lloyd's Syndicate No. 762, the notorious "Sasse" syndicate, have now finally been audited after the outline last Friday of a rescue plan which would spread the liabilities of the syndicate throughout Lloyd's.

The Sasse syndicate's problems have held up the overall audit for Lloyd's itself.

The solution hammered out last week now paves the way for the publication of the overall accounts of the insurance market for 1977. These are expected on September 4.

The Sasse syndicate's audited accounts are expected to show losses, which have been disputed by over 40 members of the 110-name syndicate, of £21.5m.

They have been suing Lloyd's and several underwriting agents through the courts.

However, last week Lloyd's council, with the agreement of members, agreed a rare rescue plan by which £15.25m of the losses would be spread throughout the market, leaving the syndicate's names having to bear only about £60,000 apiece.

The rescue proposals still have to be agreed formally by the syndicate names, so the Department of Trade has given permission for a short extension—probably of less than four weeks—to the audit date while they consider their positions.

Moran Appeal Court action fails

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

ALLEGATIONS BY Mr. Christopher Moran, a Lloyd's underwriter and broker, that a Lloyd's committee investigating complaints against him was guilty of misconduct, mistakes and bias, were rejected by the Court of Appeal yesterday.

Lord Denning said that if there had been any mistakes by the committee they had not vitiated its report, which showed a strong case for a further inquiry into Mr. Moran's conduct.

Evidence put forward by Mr. Moran to support his allegation of bias and animosity against him by Mr. Paul Dixey, former Lloyd's chairman, was dismissed by Lord Denning as "mere tittle-tattle."

The court dismissed with costs Mr. Moran's appeal against a High Court judge's refusal to grant him a temporary injunction stopping Lloyd's going ahead with disciplinary proceedings against him.

The judge had said there was a "triable issue" on Mr. Moran's allegation of bias but that it was not a case for granting an injunction.

Lloyd's intends taking disciplinary action against Mr. Moran over complaints that his broking company misappropriated funds belonging to Syndicate 566.

Lord Denning said one of Lloyd's most important functions was to see that its members conducted themselves honestly and properly, and to take disciplinary action against them if they failed to do so.

In April last year there was concern about Mr. Moran's dealings. Auditors who had examined his books found irregularities. Lloyd's decided to set up a rota committee, which included Mr. Dixey, to investigate the matter. As a result of the committee's report Lloyd's decided to invoke its disciplinary powers.

Mr. Moran had counter-attacked by issuing a writ complaining that the rota committee's proceedings had been unfair

Mr. Moran said he would consider appealing to the House of Lords against the Appeal Court's ruling. He would definitely continue his court action against Lloyd's

Sharp rise in company liquidations

By Andrew Fisher

MORE British companies went into liquidation in the second quarter of this year than in any three-month period since the end of 1976, according to figures in British Business, the Department of Trade publication.

These show a sharp rise in total company liquidations from 2,206 in the first half of last year to 3,160 in the same period of 1980.

For the second three months alone, they jumped from 932 to 1,662.

HIGH LEVEL

The steep increase took the quarterly total close to the 1,745 liquidations recorded for the fourth quarter of 1976, the highest level reached in the past decade.

When adjusted for seasonal variations, the second quarter total of 1,645 liquidations exceeded the peaks of 1976 and 1977.

It compared with 1,473 in the first three months of this year and only 938 in the second quarter of 1979.

Personal bankruptcies also moved up sharply, with a rise to 1,005, unadjusted, in the second quarter from 948 in the first and 855 in the second three months of 1979.

Last week, the Government launched proposals to cut the costs of bankruptcy procedures

Accounting method outlined

By Michael Lafferty

ASIMPLE method of adjusting accounts of small and medium businesses for the effects of changing prices is published by the Accounting Standards Committee.

The method i ss et out in a manual intended to show how a fairly straightforward business without sophisticated accounting systems may prepare current cost accounts and benefit from their use.

The ASC says CCA accounts will be particularly useful when making decisions about pricing, dividends and expansion.

Mr. Tom Watts, ACS chairman, and Mr. Kenneth Sharp, which produced the manual, said yesterday they believed most small and medium businesses set their prices on a cost plus basis.

In a foreward, Mr. David Mitchell, Parliamentary Under-Secretary of State, Industry Department, says the Government supports CCA because "there is a failure by managers, employers and employees fully to comprehend profitability in many businesses."

Publications Dept., Institute of Chartered Accountants in England and Wales, PO Box 433, Chartered Accountants' Hall, Moorgate Place, London EC2R 2BJ: £7.95

Defence sales strategy being reconsidered

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

CHANGES in hte structure of the Defence Sales Organisation are being considered by the Ministry of Defence. The organisation handles the export of many items of defence equipment.

The aim of the changes is to transfer the existing procurement functions of the organisation to the Government's overseas defence sales company, International Military Sales (IMS).

This would not only strengthen IMS by widening its activities, but would also allow the Defence Sales Organisation to concentrate on the purely strategic role by exploring potential markets.

IMS would be responsible for the indivdual sales contracts, and for the procurement of the necessary goods and services.

At present, IMS enters into contracts with overseas customers as a principal, and arranegs finance for buyers. It has a share capital of £1m.

It was the agency through which more than £2bn of military sales to Iran were arranged, although these collapsed as a result of the 1978-79 revolution in that country.

Since then, according to this week's report from the Select Committee on Public Accounts, IMS has signed contracts with several other overseas countries. Its order book is recovering, and its directors expect a speedy return to profitable trading.

The committee's report pointed out that the effects of the Iranian revolution showed the wisdom of obtaining the maximum advance funding for contracts or letters of credit for future overseas sales.

The committee also urged that every effort be made to widen the range of the IMS customers, "to reduce the danger of the company ever again being left with too many eggs in one basket."

DeLorean seeks market to test new sports car

BY JOHN GRIFFITHS IN LONDON AND ANNE HOPE IN DETROIT

DELOREAN, the Belfast sports car company, is searching for a market outside the U.S., probably in Europe, in which to test its new two-seaters before they are sold in the U.S.

The test cars will be sold after 5,000 miles of tests.

Mr. John DeLorean, chairman of DeLorean Motor Company, into whose Belfast manufacturing subsidiary the Government has sunk £56m aid, said at a Detroit motor industry congress that the move was being undertaken to ensure that the cars' quality is "100 per cent right."

The test programme is to start in the autumn. The first car to be built in the main Belfast assembly hall is due off the line next week.

However, the test programme will delay further the start of volume sales in the U.S., the cars' principal market.

Our Belfast Correspondent writes: Two Northern Ireland factories owned by Michelin, the French-owned tyre company are to undergo further modernisation with the assistance of a loan of £8m from the European Investment Bank.

Christie's turnover rises by 40%

SALEROOM

BY ANTONY THORNCROFT

CHRISTIE'S increased its international sales turnover by 40 per cent in the 1979-80 fine art season now drawing to a close. The total turnover of £153,414,000 compares with £109,658,000 in 1978-79, itself a 24 per cent gain on the previous year.

The main art auctioneers usually announce their end-of-year figures at the same time, but Sotheby's is holding back its results for a week. This has caused speculation that while it has performed very well in the U.S., its London and provincial sales increase does not match that of Christie's.

Christie's has never depended on overseas auctions as much as Sotheby's, and in 1979-80 more than half its turnover—£82,853,000—came from the UK. This is a healthy gain on the £56,993,000 of a year ago.

Its main auction room in King Street managed a £12m increase to £66,968,000.

Mr. John Floyd, Christie's chairman, said he was "justifiably proud" of the results, particularly as the appreciation of sterling made London a more expensive market for overseas buyers. Even so, a third of the pictures and works of art sold in London came from abroad.

But the main boost to the figures came from New York, where Christie's two salerooms doubled the previous season's turnover £49m, with the 10 Impressionist and modern paintings from the Henry Ford II collection alone contributing £8m.

In London the most important event was last month's sale to the National Gallery of Rubens' Samson and Delilah for £2.3m. But the disposal of Lord Northampton's collection of Greek vases and the late Baron Hatvany's Old Master drawings, bronzes and Impressionists both topped £1m.

In the various departments the biggest gains were achieved by Old Master, English and Victorian pictures, Impressionists, furniture and works of art, and jewels. But arms and armour, Islamic works of art, clocks and watches and books all registered marginal declines.

Phillip's and Bonham's, the two other leading salerooms, have also reported their annual turnover. Phillip's raised sales by 12.3 per cent to £33,750,034, while Bonham's managed a 6 per cent gain to £9,227,250. Christoper Weston, chairman of Phillip's, said that there were changing patterns in the saleroom, with quality counting more than ever and buyers becoming very selective, and that American demand was less in evidence.

"A year ago there was a shortage of good items in various sections. Now there are more goods than buyers in certain areas," he said.

Yesterday's main event in the saleroom was at Lawrence of Crewkerne where an Augsberg silver and enamel box—just 3½ ins long—sold to the London dealer Agnew for £18,200. It had been brought in by a local man who had not understood its value.

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UK NEWS

Energy consumption keeps falling

BY RAY DAFTER, ENERGY EDITOR

ENERGY CONSUMPTION in the U Kis continuing to fall in response to the economic recession and conservation measures.

Latest Government figures show that inland energy consumption during the three-month period March to May was 9.3 per cent lower than the same period a year ago.

Oil consumption was particularly badly hit largely through the impact of higher prices and the electricity generating industry's switch from oil to coal burn. Overall, oil consumption fell by 14.1 per cent during the quarter.

On a seasonally adjusted and temperature-corrected basis, total energy consumption fell by 7.7 per cent during the three months to an annual average of 327.3m tonnes of coal and coal equivalent.

This level of demand was well below UK energy consumption in 1973, prior to the Middle East oil crisis. Energy consumption during the spring, 1973, period was running in excess of 340m tonnes a year of coal equivalent.

The Energy Department, in its latest edition of the Energy Trends statistical bulletin, reports that the drop in demand can be explained to some extent by the fall in industrial activity.

The all-industries index of production during the March-May period was about 5.5 per cent down on the level for the same period in 1979. The index for all industries, other than those involved in the extraction of oil and natural gas, fell by 6.5 per cent, still below the drop in energy demand.

The demand for all fuels has been hit by the recession. Coal consumption dropped by 5.3 per cent in spite of the preference given to this fuel by the Central Electricity Generating Board.

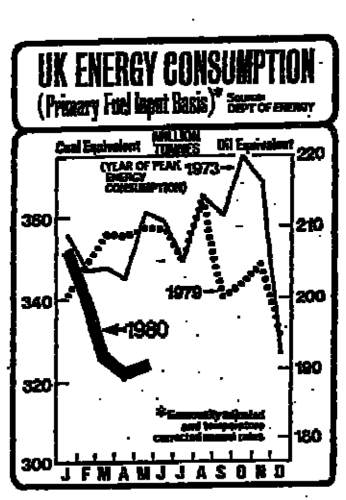
Natural gas consumption dropped by 2.1 per cent.

Demand for oil products in the March-May period was running at an average rate of 71.6m tonnes a year, a drop of 13.2 per cent on a similar adjusted basis. Crude oil production levels rose by 8.2 per cent, however. During the three months North Sea oil output was 20.1m tonnes, just 600,000 tonnes below the level of UK oil refinery output.

With one exception deliveries of all refined products dropped. Fuel oil sales, which are influenced by industrial activity and the Central Electricity Generating Board's requirements, dropped by 31.8 per cent during the quarter.

Coal production in the three months April-June was 31.5m tonnes, an increase of 1.7m tonnes or 5.6 per cent over the same period a year ago. Coal stocks at the end of June stood at 31.8m tonnes, an increase of 1.4m tonnes over the May figure.

In the April-June period UK supplies of natural gas fell by 15.3 per cent while supplies of imported gas rose by 39.8 per cent.



Wm. Press wins £25m contracts

By Ray Dafter,

THE WILLIAM Press Group has won £25m worth of North Sea oil contracts that will underwrite the jobs of up to 450 people in the North East.

The contracts, covering equipment for British Petroleum's Magnus Field and Marathon Oil's Brae Field, have been awarded to William Press Production Systems at Tyne and Wear.

The Marathon order, worth £16m, is the biggest contract for modular equipment so far won by WPPS. Six platform modules, weighing from 378 to 1,750 tonnes, will be manufactured at the Howden Yard, Wallsend, Tyne and Wear, providing work for about 300 workers at peak.

Work on the modules will begin in September and is scheduled for completion in April, 1982. The units will contain drilling equipment, compressors, generators, storage tanks, oil well blowout preventers and control valves.

The other contract has been awarded by Matthew Hall Engineering for the fabrication of two gas/oil separation modules for the Magnus Field platform.

These units, weighing 1,308 and 1,282 tonnes respectively, will be manufactured at WPPS's West Works, Tyne and Wear.

The group said the contract would provide work for up to 150 people.

Work is scheduled to begin on these two modules later this month and should be completed by March 1982.

Oil companies stepping up drilling activity

BY RAY DAFTER

NORTH SEA oil companies are stepping up their drilling activity, according to a new offshore report published today.

The increase in the number of wells drilled reflects field development projects now being undertaken and the oil industry's interest in appraising previous discoveries.

The report is from Gaffney, Cline and Associates, UK-based oil and natural gas consultants.

It shows that exploration activity remains virtually unchanged as against the first quarter of this year.

The exploration index is now about 49 as against the 1977 base level of 100.

The well drilling index is up from the first quarter level of 59.5 to 69.5 (against 1977 = 100).

Mr. John McGhee, managing director of GCA, said he expected an increase in exploration drilling as companies began to begin operating the sixth round licence allocations.

He warned that if the Government delayed field development plans as part of its depletion policies, as indicated by Mr. David Howell, Energy Secretary, the future pace of exploration could be retarded.

Increased market share for coal and natural gas

BY SUE CAMERON

BRITAIN SPENT £21bn on energy last year—£4bn more than in 1978, according to statistics released yesterday by the Department of Energy.

Energy consumption last year was about 4.5 per cent higher than in 1978.

The total amount of energy used went up from the equivalent of 355.8m tonnes of coal in 1978 to 372.1m tonnes of coal equivalent last year.

The share of the UK energy market held by coal and natural gas rose slightly while the share held by electricity remained static.

The share held by oil fell from 41 per cent in 1978 to 39.1 per cent last year. The actual amount of oil used dropped from 82m tonnes to 81.8m tonnes.

During last year, the UK produced the equivalent of 329m tonnes of coal—enough energy to meet 88 per cent of the country's primary fuel needs.

Oil and gas from the North Sea accounted for more than half of the total energy produced by the UK in 1979.

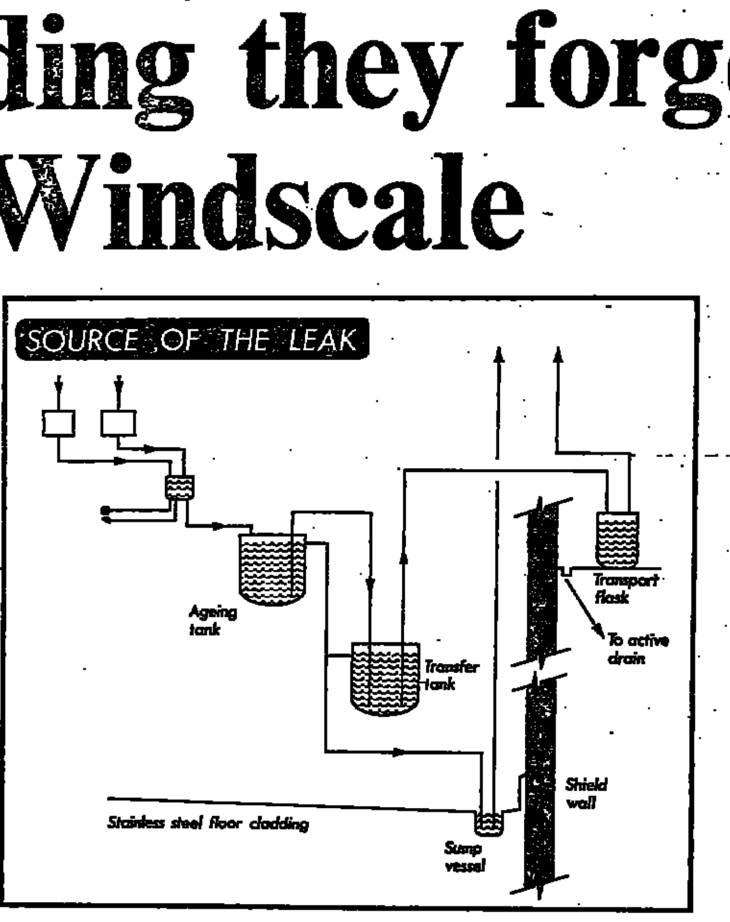
The figures show that fuel prices rose at a steeper rate last year than in 1978.

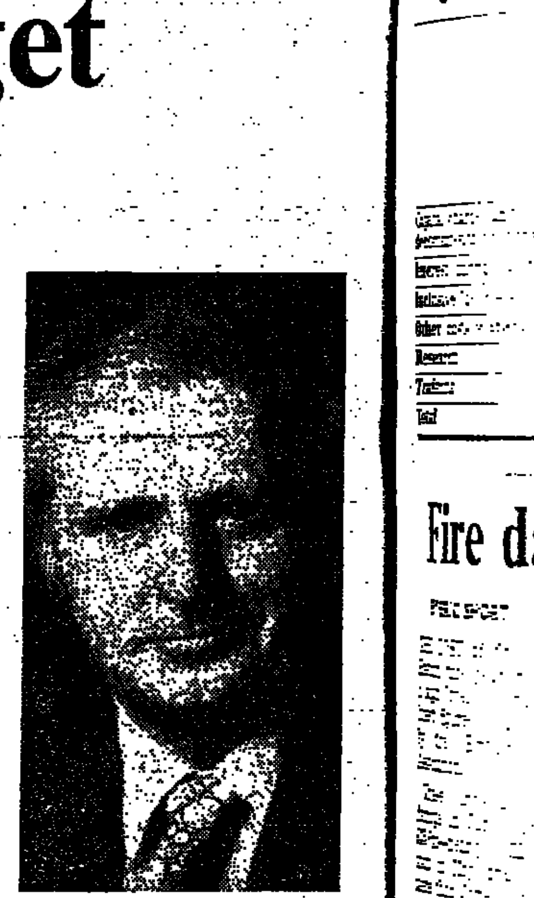
ENERGY REVIEW: BRITISH NUCLEAR FUELS — BY DAVID FISHLOCK

The building they forget at Windscale

THE MANAGEMENT of British Nuclear Fuels (BNFL), the state-owned group providing nuclear fuel services to the electricity industry and fissile materials to the Ministry of Defence, have been left in no doubt of the government's annoyance about its latest "leak." No fewer than four Ministers from the Departments of Energy and Environment have visited Windscale this summer and BNFL's bosses have been severely chastised.

"People forgot it was there, and they shouldn't have," Mr. Con Allday, BNFL's chief executive, admits ruefully. What got forgotten was a simple piece of plant which was once the cynosure of attention in early experiments on the final disposal of highly radio-active waste. It had not been used since 1958. The oversight strengthens the hand of those who have claimed that nuclear waste is too dangerous and long-lived to store permanently on land.





How highly radio-active acid has been accumulating inside an abandoned building at Windscale. (Left) Mr. Roy Pilling, Windscale's general manager. (Right) Mr. Jack Tatlock, BNFL director responsible for reprocessing and nuclear fuel transport.

Building B701 is one of about 600 buildings at the Windscale chemical complex in Cumbria. This one was built in 1953, as an unprepossessing concrete box. The concrete shrouded a series of vessels into which some of the highly radio-active nitric acid residue from the reprocessing of spent nuclear fuel could be channelled. B701 could be tapped conveniently for 20-litre batches of acid, which were then "exported" to Harwell, 300 miles south, for some of the world's earliest experiments on solidifying highly radio-active wastes, for permanent disposal. The last consignment left Windscale in 1958.

Twenty years later, during investigations of the water table beneath the factory, the Windscale management discovered evidence of a recent leak of highly radio-active liquor. The scientists traced it to B701. In March last year the company notified the Government's nuclear inspectors that it had discovered the leak.

By gingerly poking TV cameras into the radio-active building, they discovered that, throughout all those years when B701 was assumed to be empty and idle, highly radio-active liquor was still being squirted occasionally into its vessels (see accompanying sketch). Plant operating instructions dating from 1961 say the sump vessel should be emptied whenever its level reaches a certain height. The TV camera revealed that the vessel had overflowed on to the stainless-steel clad floor and walls of B701, and had risen uncomfortably close to the top of the cladding. But those responsible at Windscale were not even aware that B701 still contained radio-active liquor.

The nuclear inspectors grilled 29 of Windscale's management staff, from Mr. Roy Pilling, general manager since he first went to Windscale in 1977, down to foremen. They ascertained that the leak was through defects in the stainless steel cladding, and that "rather more than 100,000 curies of radio-activity escaped over a period of some years." About 10,000 litres—say, the volume of an average sitting room—has leaked into the ground.

As a result a layer of soil about 1 metre thick, at a depth of three metres or more, is contaminated with radio activity. The maximum activity measured was nearly 600 rads per hour, at a depth of 4-5 metres. Fortuitously, the surface layer of uncontaminated soil is very effectively shielding Windscale's own workers from harm: a fact I was able to ascertain recently by walking round B701 without picking up any radio-activity on my boots.

The leak has spread rather more widely from B701 than was the case with the earlier leak from a silo because in this case the ground had been disturbed by excavations. Well-compacted soil round the silo is holding the leak in a tight ball of contaminated soil at its base. But the leak from B701 is at the centre of a 400-acre site which measures about 1.5 by 1.25 miles, and thus is far from the factory fence and those who live closest to Windscale.

In addition to reporting in detail yesterday on the cause of the latest leak at Windscale*, the nuclear inspectors have made a "safety audit" of the whole complex, on which they will shortly report to the Health and Safety Commission. This report is likely to recommend some strengthening of middle management, "well down the chain of command." at the fast-changing factory; but to be basically sympathetic to the daunting problems the company has faced in the last few years in trying to adapt a wartime explosives factory to the growing demands of the nuclear fuel business.

Windscale's management has been desperately preoccupied in trying to keep the old factory running, says Mr. John Locke, director of the Health and Safety Executive, executive arm of the commission. He admits that his executive seriously considered the possibility of prosecuting the company and some of its employees for their oversight. In the end they decided not to, for several reasons. These included the fact that, to quote the report, the leak "has not, so far, presented a hazard to workers or members of the public and is not likely to do so in the future in view of the remedial action being carried out." There was no evidence of "wilful disregard" of regulations.

He also believed that a prosecution must fail on the grounds that the company had ensured the presence of a second line of defence for its workers, and this had prevented anyone from being hurt. Neither had it proved possible to pin responsibility on any one person, or to find any evidence—as had been found in some other highly publicised industrial accidents—of deliberate faking records. They simply forgot B701.

The magnitude of the problem for BNFL's top management becomes clearer when it is understood that today Windscale is one of the UK's biggest industrial developments. Currently

Trying to adapt a wartime explosives factory

Windscale is earning upwards of £100m a year, mostly from the reprocessing of spent nuclear fuel. It came into the public eye during the public inquiry in 1977 into BNFL's plans to build a big new chemical plant called THORP (thermal oxide reprocessing plant).

Construction of THORP will not begin until 1982, although the company needed planning approval in 1978 in order to start importing spent oxide fuel from abroad. Not before the late-1980s will Windscale tackle the problems of large-scale reprocessing of oxide fuel. But BNFL already has well in hand an investment programme for the 1980s totalling more than £1bn, which will reconstruct and extend much of the existing plant for spent fuel from the first-generation Magnox reactors. Plans to spend more than £500m have been approved, says Mr. Jack Tatlock, BNFL director responsible for reprocessing.

The need for such a massive investment began to emerge in the mid-1970s, when construction delays obliged Windscale to leave spent fuel from the Magnox reactors in its storage ponds for many months. The magnesium alloy casings became ravaged by corrosion. The ponds themselves became muddied by the products of corrosion, making retrieval of fuel from beneath about 5 metres of water much slower and harder. Radioactivity leaked from the fuel to make the operation more hazardous for operators. The whole reprocessing operation slowed down alarmingly. Stocks of spent fuel at Windscale and the power stations swelled from a normal 1,000 tonnes to about 2,500 tonnes. This greatly complicated everything — including the task of managing the stockpile, Mr. Pilling says.

It has taken Windscale several years to recover to the point where once again it is reprocessing fuel at least as fast as it is being discharged from the reactors. This year, for the first time, Mr. Pilling was sufficiently confident of progress to schedule a deliberate break in reprocessing operations for planned maintenance. This year, too, he began to recommission the Calder reactor which since 1976 has been serving as extra storage capacity for spent fuel under non-corroding conditions.

BNFL expects spent fuel discharges from Magnox reactors —including those in Italy and Japan—to fall a little over the next year or two, while repairs are being made to some of the older reactors, then to rise again to a steady level of 900-1,000 tonnes a year. This should continue throughout the 1980s. Windscale has therefore been investing in the expectation of reprocessing Magnox fuel for the next 15 years—18,000 tonnes in total, slightly more than has already been reprocessed in the past 30 years

Flagship of its investment programme is a facility known euphemistically as "pond five." Clad in coral red plastic panels —"I don't think we should try to hide the industry behind bland colours," Roy Pilling says —pond five will be about 270 metres long, 90 metres wide and 43 metres high. The cathedral-sized structure will enclose a gigantic concrete saucer on stilts, containing 5.5m gallons of pure water. Spent fuel will be stored in the water.

It will be flanked with decanning cells 50 metres in length where robots will strip fuel of metal cladding in readiness for reprocessing. The cost of pond five is a cool £200m. In addition, £70m is being spent on an ion-exchange plant that will keep its water crystal-clear, and coolers to remove 7 megawatts of heat from the water. The facility is expected to come into service in 1983. It is planned to handle up to 1,400 tonnes of fuel a year—allowing a margin of spare capacity.

Chemical plant normally has a life of 10-15 years. The reprocessing plant for Magnox, commissioned in 1964, is inevitably beginning to show signs of ageing. Another £359m has been committed to the refurbishing of this plant, and to new facilities for preparing the plutonium separated from spent fuel for storage, in 5-kilogram batches of powder. In effect, almost the entire facility will be restored and extended during the 1980s—while it continues to reprocess fuel. Some parts, like the gleaming new plutonium finishing plant and plutonium store, are already completed.

The third big tranche of investment, another £300m, concerns the treatment and storage of radio-active wastes from reprocessing, including the addition of another vessel for storing highly active nitric acid every 18 months.

Unlike pond five, and THORP when it starts, the investment programmes on the reprocessing, plutonium and waste treatment plants are taking place entirely within the existing highly congested active area at the heart of Windscale. This is the area where plutonium for Britain's first nuclear weapons was separated and refined in great haste nearly 30 years ago. No-one, least of all Mr. John Locke, director of the Health and Safety Executive, is going to be surprised if in excavating and reconstructing this part of Windscale BNFL turns up further evidence of radio-active leaks and spills of long ago.

**The leakage of radioactive liquor into the ground, British Nuclear Fuels Limited, Windscale, March 15, 1979. Health and Safety Executive £1.25.*

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UK NEWS

Nuclear advantage 'will increase'

BY DAVID FISHLOCK, SCIENCE EDITOR

THE ECONOMIC advantage of nuclear power stations over fossil-fuelled stations will increase considerably when Britain's new stations come into service in the early 1980s, according to the electricity industry.

On current costs, nuclear power generation is about 12 per cent cheaper than its fossil-fuel competitors.

Figures published by the Central Electricity Generating Board yesterday suggest the three nuclear stations—Dungeness B, Hartlepool and Heysham 1—expected to be commissioned during 1981-82, will generate electricity for between 2.28-2.62 pence a unit.

The new coal-fired station at Drax, expected to produce power in 1984, will have an estimated generation cost of 3.59p per unit.

Two oil-fired stations, Littlebrook D and Ince B, expected to generate their first power in 1980-82, will have generating costs of 6.63 and 7.14p a unit, respectively.

Two months ago the CEGB disclosed comparative costs last year for its latest nuclear and coal-fired stations in operation, showing generating costs of 1.35p a unit for Hinkley B nuclear station, and 1.52p a unit for the present Drax coal-fired station.

The substantial increase in estimated electricity costs for the still unfinished stations is attributed to the higher inflation costs and interest rates.

The CEGB has published a detailed picture of its assumptions in compiling the table of generation costs below.

The table assumes the real costs of coal will rise at an average 3 per cent a year until the end of the century. The real cost of oil will rise 3.5 per cent a year in the same period.

Nuclear costs include the full cost of reprocessing operations and of storage of highly radioactive wastes. They also assume an operating life of 25 years, compared with 30 years for fossil-fuelled plant.

All stations include provisions for decommissioning at the end of their lives, and for research and training.

Costs of producing electricity. Published by the CEGB, Sudbury House, 15 Newgate Street, London EC1.

● The Government is providing four-fifths of the development cost of a project to build an experimental "egg whisk" windmill with an output of 130 KW.

The Department of Energy has awarded the project to a four company consortium comprising Sir Robert McAlpine and Sons, Aircraft Designs, Engineering and Power Consultants, and NEI Clarke Chapman Cranes. The consortium will meet the other 20 per cent of the cost.

Advantages claimed for this vertical axis windmill over the customary horizonal-axis type include its not needing to turn its sails into the wind.

CEGB ESTIMATES OF ELECTRICITY COSTS FOR STATIONS ENTERING SERVICE 1981-84

	Nuclear			Coal-fired	Oil-fired	
	Dungeness B	Hartlepool	Heysham I	Drax 2nd half	Littlebrook D	Ince B
	p/kWh	p/kWh	p/kWh	p/kWh	p/kWh	p/kWh
Capital charges and decommissioning provisions	0.97	0.85	0.87	0.68	1.92	2.16
Interest during construction	0.79	0.57	0.61	2.30	3.40	3.40
Inclusive fuel costs	0.61	0.61	0.61	2.30	3.40	3.40
Other costs of operation	0.16	0.16	0.16	0.14	0.14	0.14
Research	0.08	0.08	0.08	0.01	0.01	0.01
Training	0.01	0.01	0.01	0.01	0.01	0.01
Total	2.62	2.28	2.31	3.59	6.63	7.14

Heathrow hit by air traffic recession

By Our Aerospace Correspondent

THE recession in world air travel was reflected in a decline of 4.3 per cent to 2.51m in the number of passengers using Heathrow in June, compared with the same month a year ago.

At the same time, however, Gatwick showed a rise of 15.5 *per cent, to just over* 1m passengers, reflecting the Government's policy of stimulating the growth of the airport by requiring all new UK domestic and *international* services to use it instead of Heathrow.

The underlying strength of world air traffic, despite the recession, is nevertheless indicated by the fact that at all seven of the British Airports' Authority's airports, passenger traffic during the twelve months ended June 30 amounted *to over* 43m, or 5.2 per cent more than in the preceding twelve months.

Cargo in particular reflected the impact of the recession, with total traffic at all seven airports down by 7.5 per cent in June compared with a year ago, with an 8 perc ent fall at Heathrow alone.

For the twelve months to end of June, total cargo traffic into and out of the UK was down by 2.7 per cent, to 652,600 metric tonnes.

The only bright spot was a growth in cargo traffic at Gatwick, again reflecting the increasing use of the airport by airlines using wide-bodied aircraft. It is also the home base of some of the major all-cargo airlines in the UK.

Welsh TV station damaged

POLICE WERE called to a BBC radio-television relay station near Wells, Avon, yesterday, after supporters of the Welsh Language Society broke in and damaged equipment.

A statement from the society said it accepted full responsibility for the action, which *formed part of its campaign for* a separate television channel for Welsh programmes.

Western wins licence for Atlantic flights

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ANOTHER U.S. airline — Western — is expected to start flights across the North Atlantic to the UK in the next few months.

The airline has been approved by President Carter as the designated U.S. operator on the non-stop Denver-London and An*chorage-London routes.*

On the Anchorage route Western will compete with British Airways. On the Denver route it will face no competition for three years, under the terms of the revised Bermuda Two air agreement between the U.S. and UK.

At the end of that time British Caledonian will be allowed to fly the Denver route.

Western has not yet given any indication of when it will start *operations. With severe competi*tion on the route, and fares being cut for the cheaper classes of tickets, it may feel it wise to wait for a few weeks.

But it cannot wait too long. President Carter has licensed Continental Air Lines as the back-up operator, which can take over if Western fails to use the Denver-London route. Northwest — which already flies from Minneapolis-St. Paul to London — has been designated the back-up airline on the Anchorage route.

Western will be obliged to fly into Gatwick Airport, in accordance with UK Government rules requiring all new services to London to use Gatwick in order to ease congestion at Heathrow.

Gatwick's traffic is expanding steadily as a result of this policy. In the 12 months to the end of June it handled more than 9m passengers, a rise of 9.4 per cent over the previous 12 months. Traffic in June alone rose 15.5 per cent to just over 1m passengers.

Western will be the 13th scheduled airline flying between the UK and the U.S. The others are British Airways, British Caledonian, Laker Airways, Pan American, Trans World, Delta, Braniff, Northwest, World, El Al, Air-India and Iran Air.

Terry Kirk

HEAPS OF empty bottles and cans were dumped outside the Industry Department yesterday in protest at its refusal to include a minority paper in a report on drinks packaging and containers. The Waste Management writes Robin Pauley. Advisory Council (WMAC), held a press conference at the Department to publish the majority report of the working party. But the full report contains only a one page summary of the minority report by Friends of the Earth.

Mr. Andy Cawdell, resources campaigner for Friends of the Earth, said yesterday: "The bottle dump was both a protest about the *refusal to include the* minority report and a demonstration in support of our call for legislation to promote the use of more refillable bottles

Government to increase air crash compensation

BY ARTHUR SANDLES

THE GOVERNMENT is to double the compensation paid to the relatives of victims of air crashes in which UK aircraft are involved from the present limit of liability of about £25,000.

Mr. Norman Tebbit, under Secretary for Trade, has announced measures are in hand to have a limit of liability for UK registered airlines of £45,000 to £55,000.

"My intention is that the *new limit will be applied from* April 1, 1981," Mr. Tebbit said earlier this week.

The basic compensation for passengers killed in crashes is set out in the 1929 Warsaw Convention in which airlines are made liable for compensation in an exchange for limitation of that liability.

The basic limit is equivalent to about £4,800 which, according to Mr. Tebbit, is "clearly quite inadequate." Many countries including the UK have independently increased this limit

There are implications for the insurance industry in this *move since it means the crash* of a Jumbo jet involving the death of all passengers means an automatic compensation bill running well into seven figures.

British Dredging sues former chairman

FINANCIAL TIMES REPORTER

BRITISH Dredging, the aggregates and construction group, is suing its former chairman and *chief executive for* £97,167, alleging "breach of duty as managing director . . . between August 1977 and March 1980."

Mr. Fane Vernon, the new chairman, said at yesterday's annual meeting that a writ had been issued on Wednesday against Mr. Bryan Clark, who resigned as chairman in February and as chief executive in March, after a prolonged boardroom battle.

Mr. *Clark himself* is suing the company for £74,000 for breach of contract.

The claim against Mr. Clark includes a demand for repayment of expenses which the company says he was not entitled to.

The expenses include a holiday for Mr. Clark and his daughter in Italy, the purchase of a Rolls Royce, and trips to Paris and Monte Carlo.

The expenses claim also includes the sale by Mr. Clark of a "workboat" for £14,000 to British Dredging which the company claims was in fact a speedboat suitable for recreational purposes.

The disclosures came during a heated meeting at which Mr. Clark asked repeated questions which eventually brought a majority vote from other shareholders that he should not be *allowed further questions.*

Mr. Clark's questions centred on three specific points. He wanted to know why a projected trading profit of £275,000 when he left the company had been reduced to £94,295 for 1979.

Mr. Vernon explained that provisions had to be made like £50,000 on ships insurance.

Second, Mr. Clark wanted to know why the company had been unable to get the bulk of £400,000 which it was owed by a Jersey businessman, Mr. Peter Cameron.

Mr. Vernon said that legal action was being taken for the recovery of the money and for £80,000 from a Jersey company, Ceduna. The money is the amount outstanding on the sale of a British Dredging *sub*sidiary, the South Wales-based Pauls Federated Merchants.

Third, Mr. Clark wanted to *know whether a company inves*tigation was going on into £5,000 he alleged was owed to the company by Mr. Mostyn Bowles.

Mr. Vernon replied that Mr. Clark *had done nothing about* it while he was in charge, but admitted that the company was looking still at one facet of the alleged debt.

Mr. Bowles is a member of the family which built up British Dredging into a highly successful company which prospered until 1973, when losses began.

Mr. Bowles led a campaign to oust Mr. Clark *from* the board but was unsuccessful in getting a *new chairman* elected at last year's annual meeting.

At the meeting, however, Mr. Clark said that he would stand aside as chairman so that an independent chairman *could be* brought in.

That man was Mr. Vernon, chairman of Ash and Lacy, a West Midland metal stockholding group.

Mr. Clark said after the meeting that Mr. Vernon had not answered any *of his questions adequately.* Mr. *Vernon* said, however, that many of the questions had been trivial.

In 1979, the group showed a sharply increased loss before tax of £405,722 compared with £13,910 on a lower turnover of £12.41m against £13.53m.

Mr. Vernon said that the company had made a profit in the first five months of the current year but was not forecasting a result because of the problems in the building industry.

Fire damage costs up 70%

BY ERIC SHORT

THE COST of fire damage in Britain this year remained at a high level, according to the latest figures issued yesterday by the British Insurance Association.

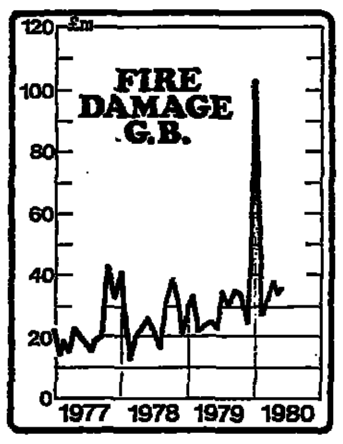
These showed that fire damage in June amounted to £35.6m—nearly £2m higher than in May and over £13m more than June last year.

Total fire damage *costs so* far this year are £270.5m—over 70 per cent higher than costs for the first half of 1979.

This year's figures were affected by the fire in January at the British Aircraft Corporation's warehouse in Weybridge. The cost—£72.5m—was the highest from a single fire in the UK.

But even excluding this fire, costs in the first half of this year are more than 25 per cent above than in the first half of 1979.

The figures for June were boosted by three fires in which damage exceeded £1m. The largest was at an industrial complex in Wakefield where damage amounted to £2m. *There were a further* 15 fires where damage exceeded £250,000.



Deadline on £2m gift to hospital

By Robin Pauley

A £2m gift from a millionaire towards rebuilding a hospital in Cambridge has one condition attached. The National Health Service must slice through its red tape and bureaucracy *so that* building work can start before the end of next year.

Mr. David Robinson, the Newmarket businessman who has given millions away since he founded The Robinson Charitable Trust, has agreed to help to pay for a replacement building *for the run* down Mill Road Maternity Hospital, Cambridge.

Sir Arthur South, chairman of East Anglian Regional Health Authority, said yesterday: "Everyone will have to pull their socks up to meet the deadline.

"If we *succeed in getting* work started in this time it will be shattering and could be a record for the health service." Planning work would begin immediately.

Dr. Gerard Vaughan, Health Minister, promised that the remaining £4m needed for the 110-bed hospital would be available.

Conditions at Mill Road were so bad that the proposed rebuilding date had already been moved from 1992 to 1986 before Mr. Robinson stepped in.

Mr. Robinson is 74. He is a farmer racehorse owner who made a vast fortune from his television rental company, Robinson Rentals.

In March he gave £300,000 to Papworth Hospital, near Cambridge, to finance eight heart transplant *operations* a year in 1981 and 1982. He also provided £1m for a college to be built at Cambridge

Fewer opportunities for executives

BY JAMES McDONALD

EXECUTIVE JOB opportunities in Britain contracted sharply during the second quarter of this year to *their lowest level* in five years.

Demand is expected to fall during the rest of 1980 to the record low level "of the great executive shakeout in 1971," says MSL International, the management consultants.

MSL's *analysis and forecast is based on* the volume of recruitment advertising in a wide range of British newspapers and journals for managers and senior professional and technical staff.

Calculated as an *index,* it has traced UK executive demand since 1959.

According to the index, executive demand dropped by 14 per cent between March and June of this year, the largest single fall for any quarter since 1975.

"The current recession is affecting every grade and level of managerial and senior technical and professional staff," commented Mr. Garry Long, MSL's managing director.

"Even the scarcest skills and the few specialist technologies temporarily in short supply—including computer people—are today less in demand than 12 months ago.

"If the index follows the same *pattern as in the past* 20 years, demand for executives can be expected to fall still further in the course of this year, but be on the upswing during the course of *1981."*

Price of beer set to rise 2p a pint in early autumn

BY GARETH GRIFFITHS

BEER PRICE rises averaging more than 2p *a pint* are likely in the early autumn, folowing price increases this week by Whitbread and Charles *Wells, the* Bedford brewery.

Whitbread has increased the price of beer by an average 2p a pint *in its* London, Wessex and Fremlin regional companies. Charles Wells has also increased its prices by 2p. *Both* companies blame rising labour and raw material costs for the rises.

Brewers are cautious about when the next *round of price* increases will start. Most seem to favour early autumn in order to allow consumers time to adjust to the new price levels before the pre-Christmas spending period.

City analysts believe the price increase *will have to* be about 2p a pint to cover costs. Mr. Colin Mitchell, of stockbrokers' Buckmaster and *Moore,* suggests that in view of fierce competition in the take *home* and free trade, price increases will be borne mainly by the tied trade.

Beer price rises are likely to vary throughout the country. The North where beer sales appear to be falling, is likely to have lower increases.

Government to reconsider cash needs of British Shipbuilders

BY WILLIAM HALL, SHIPPING CORRESPONDENT

THE GOVERNMENT has agreed to reconsider the cash needs of British Shipbuilders following a warning that the nationalised shipyards are likely to substantially exceed their financial targets in the current year.

In a statement on British Shipbuilders' finances yesterday, Mr. Adam Butler, Minister of State for Industry, said the corporation had warned him in February that it might exceed by some £20m its external financing limit for 1980-81 of £120m. Three months later the corporation's cash requirement had risen to £187m.

The Minister's statement follows the publication on Wednesday of British Shipbuilders' report and accounts for 1979-80. The corporation lost £109.9m last year and its accounts were heavily qualified by the auditors who said the *outcome of the current negotiations* on financing would determine whether or not British Shipbuilders was a "going concern."

Mr. Butler admitted that some part of the increase in cash needs was due to causes outside the direct control of the corporation, such as the steel strike earlier this year.

However, he stressed that the shipyards, like the private sector, had to be prepared to react to the unexpected.

"We are not satisfied that sufficient action and economies have been taken by British Shipbuilders to reduce the rate of loss in merchant shipbuilding, ship repair and marine engineering, and generally to curtain expenditure and increase efficiency, and to raise funds through such measures as disposals."

By contrast, Mr. John Silkin, Shadow Industry Secretary, said *the cash limits set last year* had been unrealistic. "It is nothing short of amazing that the industry has done so well in the face of high interest rates, high exchange rates and the doubling of inflation."

The Government has asked Mr. Robert Atkinson, chairman of British Shipbuilders, to examine "all possible ways" of staying within the external financial limit of £120m and to report on options for reducing cash requirements for both this year and next.

"*I have also stressed the importance of staying within this year's loss limit. Without* corrective actio nthere is a risk that their cash requirements would also remain unacceptably high," said Mr. Butler.

British Shipbuilders intends to submit its report on its future financial needs to the Government by the end of August.

Despite Mr. Butler's strong words about the "horrific losses" at some merchant shipbuilding yards, he left himself scope for advancing further assistance following the shipyards' report.

He said that should the Government decide, after consultation with the EEC, to advance additional funds, this would involve a winter Supplementary Estate, and if needed before then, would be provided by a repayable advance from the Contingencies Fund. He would report to the House later this year.

Whilst the latest statement gives some solace to the hard-pressed shipyards, any assessment about their future viability is very dependant on what the Government intends to do with the profitable warship yards. Pressed by Mr. Silkin yesterday, Mr. Butler refused to rule out the possibility that they might be sold off.

Bolsover zealot amends birthday address

By John Hunt, Parliamentary Correspondent

BIRTHDAY PARTIES are always rather touchy occasions. Most of us have childhood memories of celebrations which ended in tears. So there was a hint of trouble to come when an all-party "humble address" appeared on the Commons order paper yesterday congratulating the Queen Mother on the "joyful occasion" of her eightieth birthday.

Moving the address, the Prime Minister was fulsome in her praise. The Queen Mother, she said, had a genius for making friends and delighting people. She had been a source of deep, quiet strength, and of encouragement as a mother, grandmother, and great-grandmother.

Then it was the turn of Mr. James Callaghan, leader of the Opposition, who has frequently assured us that the "deferential society" was a thing of the past.

He declared that the Queen Mother had won a place in the hearts of the people by her unaffected naturalness and endearing simplicity.

Mr. David Steel, the Liberal leader, and Conservative backbenchers joined in the chorus of praise.

But the first small cloud appeared on the horizon, when Mr. George Thomas, the Speaker, announced that the Member for Bolsover had sent him an amendment to the address, which he had been unable to accept.

The Member for Bolsover is, of course, none other than Mr. Dennis Skinner, the Left-wing zealot from the mining district of Derbyshire.

Grimly, Mr. Skinner rose to announce that his amendment congratulated all those other 80-year-olds, who are struggling to survive under a Tory Government.

"I think this motion is like many others we discuss, very elitist, very narrow, and comes from the kind of sloppy consensus which I abhor," he said.

From then on, he entered into a catalogue of woe which might have come straight from Engels' "The Condition of the Working Class in England."

His dirge included an ageing couple who were forced to live apart because of the Tory cuts, miners' widows struggling to make ends meet, and old women taking in washing.

His theme was taken up by that noted scourge of royalty, Mr. William Hamilton (Lab., Fife Central), who snorted that the "sycophancy and deference" coming from the front-bench speakers was "insufferable."

Yet even he had to admit that the Queen Mother was a "quite remarkable lady" and that it would be churlish to rock the boat on this particular occasion.

He could not resist adding that he had heard from a friend that the Queen Mother's political views were far to the right of Mrs. Thatcher—a remark which brought him a sharp reprimand from the Speaker.

It was left to Mr. Norman St. John Stevas, Leader of the House, to smooth things over with a quotation from his 19th century hero, Bagehot: "A royal marriage or birthday is a brilliant addition of a universal fact and, as such, it rivets mankind."

At this point it was discovered that Mr. St. John Stevas's name had been left off the list of those who will be presenting the loyal message to the Royal family, an omission which the Speaker quickly remedied.

The Leader of the House will find himself in interesting company, for one of those going to the palace with him was none other than that well-known leveller and Cromwellian, Mr. Michael Foot, Deputy Leader of the Labour Party.

New funding suggested for training boards

BY PHILIP BASSETT, LABOUR STAFF

GOVERNMENT funding for Britain's industrial training boards should be ended and industry itself meet the bulk of the boards' operating costs, a review body sponsored by the Manpower Services Commission on industrial training recommended yesterday.

The CBI, which helped draw up the report, refused to accept the proposed alteration in the method of funding because it would almost double industry's contribution towards national industrial training.

The 24 boards' levy income from industry, net of exemptions, was £71.6m in 1978-79, the last year for which figures are available. The estimated size of the Exchequer's funding of the board's operating costs for 1980-81 are £51m.

Mr. Bryan Rigby, CBI deputy director general, said it was "quite unreasonable" to attempt to saddle employers with additional costs in the difficult economic circumstances.

The CBI's response to the recommendation raises serious doubts about the future of at least some of the boards. There are wide diffrences of opinion between different industrial sectors about the value and effectiveness of their particular training boards.

Ministers are keen to see that industries which benefit from the board's work should contribute more to their operation. The Government is likely to respond sympathetically to the proposal when it is put to Mr. James Prior, Employment Secretary, in October, following a three-month consultation period.

Mr. Prior said yesterday in answer to a Parliamentary question that he welcomed the report as a basis for public discussion of the whole future of industrial training policy for the next decade.

Though the report recommends major changes in the whole pattern of training needed to meet industrial requirements over the next two decades, the change in funding of the boards probably its most significant single proposal.

The proposal stems from the frustration of the boards and their strained relationship with the MSC's training services division. The report acknowledges that strain has arisen from the system of Exchequer funding through the MSC.

The boards themselves pressed the review committee to recommend switching the method of funding to a block grant system. The boards felt that this would give them more discretion in marrying funds to their own objectives.

The review rejects this, though, on the grounds of public accountability, and states firmly: "We see no satisfactory alternative to the transfer of financing industrial training *Boards' operating costs from* the MSC to each industry."

Legislation would need to be amended, and the Boards would be required to raise a levy on their respective industries to meet operating costs.

The MSC would continue to provide funds for Boards to cover costs of priority training requirements.

CBI representatives were also unable to agree to a recommendation which would have lifted the Boards' statutory limit that in general their levies should not exceed 1 per cent of supporting companies' payroll costs.

The review rejects suggestions that public training be reorganised on occupational, local or voluntary lines rather than the present industry-based national system.

Mr. Richard O'Brien, MSC chairman, stressed the importance of the review's recommendations: "We are talking about the survival of Britain as an industrial power when we talk about training. Industrial power is crucially dependent on the level of skill of the workforce."

Outlook on Training; a Review of the Employment and Training Act, 1973. MSC, London.

Print union may call Fleet Street strikes to save paper industry

BY PAULINE CLARK, LABOUR STAFF

BRITAIN'S BIGGEST print union made clear yesterday it was prepared to take industrial action on national newspapers to save the country's paper and board industry.

Mr. Bill Keys, general secretary of the 200,000-strong Society of Graphical and Allied Trades, said his union was "not prepared to sit idly by" and watch thousands of jobs being lost because of cheap imported newsprint.

Mr. Keys, who predicted that 30,000 jobs could be lost by the end of the year because of the paper industry's crisis, said he had warned Fleet Street newspaper proprietors of the union's concern.

National newspapers consume nearly 848,500 tonnes of newsprint a year of which some 200,000 is supplied by British paper companies.

SOGAT leaders yesterday lobbied MPs to demonstrate their fears for the industry.

Recently, Bowater, one of Britain's biggest paper producers, announced plans to close its Ellesmere Port operations and Reed International, another major paper company, may also be considering cuts.

Bowater has postponed for a week its deadline for a decision on closure at Ellesmere Port because of a Department of Industry investigation into the need for financial aid.

Mr. Keys, who was in London to launch a special report by SOGAT on the paper industry's problems, said the union's main task was to impress on the Government that newsprint was an important "strategic" industry which could not be allowed to die.

Describing the state of the paper industry as "potentially disastrous," he claimed that 31 different companies, excluding Bowater and Reed, had already announced closures or partial closures this year.

He said that within the next eight weeks another six "very large mills" were also threatened, putting some 3,000 to 4,000 jobs at risk.

The union estimates that by the end of the year some 10,000 jobs will be lost because of closures and another 20,000 could go in related industries.

The industry's problems were not self-inflicted, said Mr. Keys. Industrial relations and productivity were exemplary.

Sterling's high exchange rate and competition from countries which subsidised the energy costs of their own paper industries had precipitated the crisis, he said. Unless the Government stepped in with financial aid, the British industry would die.

The union, which claims some 56,000 members in the industry, said it was pressing the Government for help in restricting imports of paper from overseas and for aid to help offset high energy costs.

It warned that reliance on imports could be dangerous in the event of an international crisis cutting off supplies and could have a marked effect on the balance of payments.

It also predicted costs of imported paper could rise dramatically without competition from British manufacturers.

New moves in Observer dispute

BY PAULINE CLARK, LABOUR STAFF

A FRESH ATTEMPT to find a solution to the crisis at the Observer may be made today as Mr. Bill Keys, chairman of the TUC printing industries committee is expected to meet Mr. Len Murray, TUC General Secretary.

Mr. Keys, who is also general secretary of the Society of Graphical and Allied Trades, has accused another print union the National Graphical Association of acting like "kamikaze pilots" in its handling of the newspaper's pay dispute involving 25 machine managers.

Pressure on the union to back down over its £108.03 a man *claim* for each weekend shift to produce a bigger paper intensified yesterday as the Prime Minister accused the machine managers of trying "to take out a lot of money for themselves at the expense of the jobs of others."

Mrs. Thatcher's attack followed the Observer management's issue of dismissal notices to 1,000 staff on Wednesday. The management has set October 19 as the date for the last issue of the newspaper if a solution to the dispute is not found.

She said in the Commons she hoped the printers would fall in their aim. Mr. Jonathan Aitken, Conservative MP for Thanet, said the NGA members were "not contributing to productivity at all—but are trying to obtain a rate of pay of over £108 for one night's work."

The Observer management has stood firm on its long-standing offer of £100.13 for the Saturday to Sunday production shift because management fears leapfrogging claims from other *unions if the payment* is increased.

● Mr. Keys said yesterday the union would negotiate with Express Newspapers on facsimile transmission to its Scottish papers if the management was prepared to take on printers previously made redundant.

Mr. Keys said the management was "two faced" in proposing to cut by half its 144 strong workforce in Scotland because of the union's refusal to print Highland editions of the Express and Star.

Bid to alter control over spending

By Elinor Goodman, Lobby Staff

A MAJOR CHANGE in Parliament's control over public spending now looks almost certain. The procedure Committee is to be set up at the beginning of next session to examine the procedures for debating, and voting on, the Government's requests for money.

It is *expected to recommend* that MPs should be allowed to debate and vote on individual estimates of Government spending rather than, as now, only being able to vote on them en bloc without a detailed debate.

Last night, for example, MPs were being asked to approve the expenditure of £43,000m in the Civil Estimates in what was supposed to be a single vote.

The change has the Prime Minister's backing and should be made within a year. It would give to Parliament some of the authority it has historically claimed to scrutinise Government expenditure.

Over the years, this power has been eroded because of the way "supply" days have been used as occasions for debates on subjects chosen by the Opposition rather than as occasions for debating the Government's requests for further supplies of money.

Last week, the Commons Select Committee on the Treasury was highly critical of the system. Yesterday, at Question Time, Mrs. Thatcher acknowledged that the critics had a "very serious point."

She said she had a great deal of sympathy for the arguments put by Mr. Terrence Higgins (C., Worthing) and a member of the Treasury Committee.

Later, Mr. Norman St John Stevas, the Leader of the House, said that the Government would be setting up the Procedure Committee to look at the whole subject. He said he was not satisfied with the present arrangements.

Labour MPs attack 56% pay rise for Bank's Governor

BY IVOR OWEN

GOVERNMENT APPROVAL was not required for the 56 per cent rise which lifted the salary of Mr. Gordon Richardson, the Governor of the Bank of England, to £51,980 a year, the Prime Minister told the Commons yesterday.

She made this clear when Labour MPs contrasted the Governor's good fortune with the advice which he and Ministers are giving to the trade unions to accept the need for moderation in wage settlements.

Mrs. Thatcher stressed that the Governor's salary was determined by the non-executive directors of the Court of the Bank of England.

She pointed out that the increase, for the 12 months to July, 1980, had followed six years during which the Governor's salary had remained static.

But her explanation made little impression on Opposition MPs who cheered Mr. Philip Whitehead (Lab., Derby North) when he recalled that, according to the Government, one of the causes of unemployment being close to 1.9m was that many workers had priced themselves out of jobs.

Had the Governor priced himself out of a job, and if not, why not? he demanded.

The Prime Minister reminded Mr. Whitehead that others holding appointments in the public sector, had benefited from "catching up" operations this year.

She also urged the Governor's critics to take account of the fact that he had waived some £6,000 due to him in salary.

The Prime Minister's denial of Government responsibility for the increase in the Governor's salary followed a protest by Mr. William Hamilton (Lab., Central Fife).

He contended that it was wrong for Ministers to seek to lay down a 9.6 per cent pay norm for the public at large, after having approved a 56 per cent increase for one of the highest paid people in the land.

The Prime Minister did not comment on Mr. Hamilton's reference to 9.6 per cent, but another clear indication that the Government hopes that the next pay round will see most settlements confined to single figures was given later in the House of Lords by Lord Cockfield, Treasury Minister of State.

Opening a debate on the Finance Bill, he welcomed the fact that MPs and other leading figures had agreed to accept lower increases than those recommended by the Top Salaries Review Board.

This would assist the Government, he said, in its determination that settlements on the scale of the past year "should not and cannot be repeated."

Lord Cockfield declared: "Those responsible for wage bargaining on the union side need to recognise that until output begins to rise again, and productivity increases, there can be no increase in wages in real terms."

Settlements, he insisted, should not be matched to increases in the Retail Price Index but related to the capacity of the firms concerned to meet the cost.

Lord Beswick, Chief Opposition spokesman in the debate, argued that the next reduction in the Minimum Lending Rate should not be limited to just 1 per cent.

"I think we need something far more radical than that," he said.

Combat Welsh 'jobs chasm' plea

BY ROBIN REEVES, WELSH CORRESPONDENT

THE REVIVAL of a vigorous regional development policy to combat what it describes as a "jobs chasm" facing the Welsh economy was demanded by the Commons Select Committee on Welsh Affairs yesterday.

In its first report since being established, the committee warns of "serious social disorder" in Wales unless the Government responds with a sustained programme of financial assistance.

"Wales, if condemned to suffer the incidence of worklessness endured in the 1930s, is unlikely to respond with the apathy and despair of those days; nor, in any event, would it be tolerable to risk the economic and social collapse of local communities," the report declares.

Mr. Leo Abse (Lab., Pontypool), and chairman of the committee which has a majority of Conservative MPs, stressed this was meant as a warning and not an incitement.

Even so, the MPs' extensive package of recommendations adds up to a politically embarrassing demand for the Government to abandon its laissez faire stance in favour of a regional intervention policy of even greater scope than the one pursued by the last Labour Government.

After five months of collecting evidence from a wide variety of Welsh bodies, the MPs have concluded: "There exists not a *jobs* gap but a jobs chasm into which the economic and social structure of large parts of Wales are in danger of falling."

"All forecasts of unemployment in Wales take the average rate uncomfortably to double figures which implies in some localities it could well approach 20 per cent, a level not experienced since the 1930s," the report says.

Besides urging the Government to beef-up substantially measures already announced to alleviate the 20,000 jobs being lost in the Welsh steel industry, the MPs call for the introduction of a "selective temporary employment subsidy" payable to employers in assisted areas with short-term difficulties but with good prospects of long-term viability.

They also propose a grant specifically designed to help companies with the transitional and settling-in costs of moving to Special Development Areas or, alternatively, a subsidy based on the number of jobs provided by an incoming employer for a limited period of up to three years.

The MPs want active steps taken as well to attract more service industry jobs, including the revival of Government department dispersal programmes.

Less controversially, the MPs recommend the phasing out *over a 12-month period of the* four month delay in regional development grant payments introduced a year ago; the relaxation of the criteria for selective regional assistance; a return to a stricter industrial development certificates policy; and more resources for the Manpower Services Commision's activities.

They say the Government's current advance factory building programme is an "inadequate response" to the problem. "It appears likely that many of the redundant workers from Port Talbot and Llanwern are likely to be guaranteed a prolonged period of unemployment."

Noting the threat of further cutbacks by the British Steel Corporation, the MPs condemn the imposition of tight financial restrictions on a single nationalised industry without any regard to the repercussions on other nationalised industries or the economic base of whole regions.

● The Welsh Affairs select committee will not be inhibited from publishing a secret British Steel memorandum in full by the Law Lord's ruling against Granada Television, Mr. Abse, the committee chairman, said yesterday.

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	16½%
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	16 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	William & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	15½%		
First Nat. Fin. Corp.	19 %		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 14%, 1-month deposits 14¼%.

† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.

‡ Call deposits over £1,000 14%.

§ Demand deposits 14½%.

Thatcher hints of change on law of disclosure

THE GOVERNMENT will consider changes in the law on disclosure of journalists' sources of information in the wake of the Law Lords' decision to compel Granada TV to name its British Steel "mole," Mrs. Thatcher indicated in the Commons yesterday.

But in the meantime, "the law must be upheld," she stressed.

She told MPs that the Law Commission was currently *considering civil remedies* for breaches of confidence and should have been ready to report at the end of the year.

"It will now have to reconsider the law in the light of the Granada case when reasons for the Law Lords' decision become available."

And she added: "The law must be upheld. We shall be considering whether the law needs to be changed."

A call for new legislation directly to overrule the Lords' judgment came from Mr. Grevill Janner (Lab., Leicester West), a lawyer and journalist.

Yesterday's "sad and sinister decision" would have a "dangerous effect on the freedom of the press," he claimed.

Parliament next week

COMMONS

Monday: Consolidated Fund Bill, under which MPs can raise a wide range of topics.

Tuesday: Lords Amendments to Housing Bill. Horticulture and Agriculture Grant Orders. EEC Fisheries documents.

Wednesday: Lords Amendments to Tenants Rights (Scotland) Bill and to Health Services Bill. British Aerospace (Increase of borrowing Limit) Order and Financial Limits (National Enterprise Board).

Thursday: Debates on Parliamentary Procedure and financial assistance to Opposition parties.

Friday: House rises until Monday, October 27.

LORDS

Monday: Tributes to the Queen Mother on her 80th birthday. Deer Bill, Third Reading. Social Security Benefits Up-Rating Order. Social Security Regulations. Anti-Competitive Practices (Exclusions) Order.

Tuesday: Local Government, Planning and Land Bill, Second Reading.

Wednesday: Pier and Harbour Order (Great Yarmouth Wellington Pier). Coal Industry Bill, Third Reading. Housing Bill, Commons Message. Agriculture and Horticulture Development regulations.

Thursday: Pier and Harbour Order (Great Yarmouth Welington Pier) Bill, *Third Reading. Civil Aviation Bill*, Second Reading. Short debate on strategy for reviving the economy.

Friday: Consolidated Fund Bill All Stages. House rises until October 6.

TUC to put forward aid scheme for unemployed

THE TUC is to put forward its own programme of direct help for the jobless, Mr. Len Murray, TUC general secretary, said yesterday.

The suggestion of Mr. James Prior, Employment Secretary, that the unemployed should do voluntary work while on the dole, was no answer to the problem, he told trade unionists at a summer school at Ruskin College, Oxford.

"No way will the TUC go along with the 'you, you and you' so-called volunteering that many of us remember from the army.

"If anybody, employed or unemployed, wants to help in a good neighbour scheme that's fine by us—but not as a *condition of a dole payment.*"

The TUC would shortly put forward a positive programme of direct help to the unemployed, involving the Government and the Manpower Services Commission.

Details of the proposals have not been revealed but will include better training facilities and harnessing the education services to prepare young people more adequately for work.

But hand in hand with job creation and training provisions, said Mr. Murray, must go measures "to provide incomes at a more reasonable level for the unemployed and their families."

Nationwide defeat for ASTMS

By Nick Garnett, Labour Staff

THE ADVISORY, Conciliation and Arbitration Service has decided it would be inappropriate to recommend the Association of Scientific, Technical and Managerial Staffs for recognition among computer staff at the Nationwide Building Society.

The service came to this conclusion inspite of a ballot among the 100 computer staff which showed a clear majority wished to be represented by the ASTMS.

The service, while showing sympathy with the union's claim, decided recognition would fragment the company's bargaining arrangements, which could have serious repercussions for Nationwide's industrial relations.

In the ballot, 93 of the computer staff, based at the company's south central regional office in Swindon, took part with 69 expressing a wish to join the ASTMS.

The company and the Nationwide Building Society Staff Association, which has sole bargaining rights for all staff below senior executive level argued that employees constituted a single bargaining unit with common terms and conditions of employment.

Local radio stations hit

BY OUR LABOUR STAFF

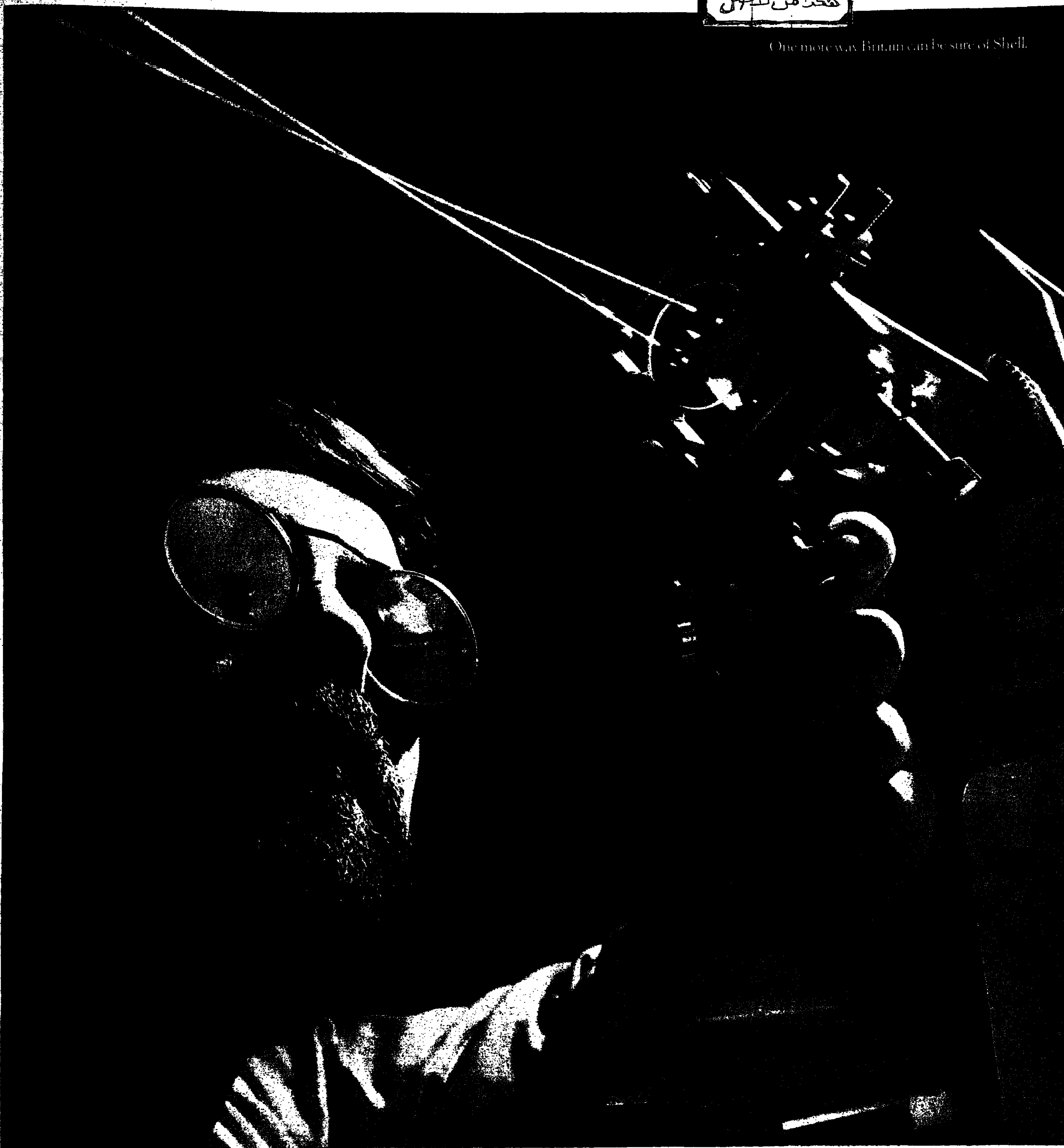
LOCAL RADIO stations in many parts of the country were hit by industrial action for the second time running last night because of a pay dispute.

The Association of Broadcasting Staffs said 700 union members in 19 local radio companies had been asked to continue action because of the dispute with the Association of Independent Radio Contractors.

The union claims that management has threatened to deduct from this year's pay offer an award to the staff which is expected to be announced shortly by the Central Arbitration Committee.

The Ccommittee investigation into pay comparisons with other independent broadcasting concerns followed the unilateral application by management last year of a 15 per cent pay rise.

The ABS said that this year's offer was expected to amount to 21 per cent.



How can we squeeze more miles out of your gallon?

Shell's laser 'eye' reveals some secrets.

Dr. Martin Swords, Shell Scientist, Thornton Research Centre.

"One of the biggest problems in engine design is finding out just what's going on inside while the engine's running.

Engineers have long known that the turbulence of the petrol mixture and gases swirling inside the cylinder has an important effect on performance – but the difficulties of measuring the characteristics of a gas cloud which explodes about every 12 milliseconds, reaches 1500°C and is locked away inside thirty or forty pounds of metal, have proved insurmountable until now.

We are now able to drill holes in an engine cylinder, insert thick quartz windows and punch laser beams through the gas clouds as they mix and burn.

Using this technique we can work out the turbulence and the velocity of the gases. Engineers and scientists can use this data to improve both the cylinder geometry and the chemistry of the fuels.

Since we estimate that this new information could help to bring about fuel economy improvements as great as twenty per cent, it is a development of some consequence.

If you think of the difference such a saving would mean to you, it's easy to see why we think this work is so important."

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

The private lives of Spanish companies

ROBERT GRAHAM on how Spain's small businessmen are having to adjust to radically changed economic and political circumstances

AS THE recession bites deeply into the economies of the industrialised world, so the fashion for small and medium-sized companies is growing. If only because of their theoretical potential for generating and sustaining employment. In Spain, as in other countries, such companies are vital to manufacturing industry and the service sector. But the fashion has benefited them only in terms of pious rhetoric. Little concrete support is evident from either the Government or the institutions.

Traditionally Spanish Governments have done little but let small-and medium-sized enterprises "do their own thing." The focus has been on large companies and the lobbies behind them. Benefits have often only occurred when the powerful banks, which historically have had large industrial portfolios, decided to press the case of a client in whom they had an equity stake.

But of late there has been a small change for the better, partially stemming from a genuine belief by both the Government and the banks that the recession in Spain, now four years old, is eroding the vitality of small and medium sized companies. More to the point, banks have realised that their risk in the past has been too heavily concentrated in large companies, many of which are now in difficulties. But Spain's small businessmen still feel they are fighting very much a lone battle for survival—and against increasing odds.

Take a sample of six such businessmen, running companies capitalised at between Pta 100m and Pta 250m ($1.4m and $3.5m). Depending on their activity, which varies from manufacturing, industrial services to import distribution, they employ between 25 and 900 people.

Companies in this category represent just under 10 per cent of Spain's registered businesses. According to a recent Ministry of Commerce study, based on a 1977 census, only 2 per cent of companies had a registered capital greater than Pta 250m, but they accounted for 67 per cent of Spanish industry's total capitalisation. In contrast 66 per cent of all companies had a registered capital of Pta 10m ($142,000) or less.

Dynamic

Though the businessmen therefore represent a relatively small group, their sector is widely regarded as the most dynamic in commercial life in general. The majority of the companies in this category were founded in the booming sixties. Of the six businesses only one had been founded before 1963 and that had a multinational connection. None was public; in Spain there are less than 700 publicly quoted companies excluding the banks and the utilities.

Although by no means homogenous, it is clear that the six businessmen have essentially two kinds of problems in running their companies: (1) those that arise directly from the domestic recession and depressed international business climate; (2) those that arise from the political changes in Spain and the shift in policy towards a liberalised economy. The transition from dictatorship to democracy, accompanied by the beginnings of a fundamental change in Spain's highly protected economy, have required formidable adjustments at a time of recession.

The principal adjustments have concerned a thorough-going tax reform in 1978-79 and the introduction of a wholly new management/labour relationship, following the legalisation of trades unions in 1977.

The new tax system is felt less in corporate terms than in personal salaries and wages. The reform has nevertheless created a quiet revolution, according to the businessmen. "Previously there was one salary which was declared, often small, and the other part was paid under-the-counter. Obviously some people still hold back, but we recognise that reform was necessary and there should be more transparency," is a generalised view.

Many employees—unused to paying taxes—have approached their employers to pay their new tax bills. Indeed, one of the six businessmen says his company has done so in some instances.

Employees used to be quite happy to receive under-the-counter pay, but in many instances they have taken the initiative to have it duly declared. "With improvements in social security and pensions, the workers realise that it is to

"That's the trouble with democracy—you don't know who to blame"

their advantage, even though they pay more tax, to have their full pay disclosed. That way they get more in unemployment benefit and pensions," one man comments.

On management-union relations there is a division between those businessmen who welcome the emergence of democratic and free unions, and those who regard them as a necessary evil. Individual experiences differed and often depended on the militancy of one union member, or more usually on the size of the workforce.

As a rule, small companies with under 50 employees witnessed little union activity, but managers running larger companies had to deal with representatives of all the major unions. There is still a strong paternalistic feeling—reflected in the belief that formal structures are unnecessary to settle conflicts.

In small companies like these, the managements definitely feel that their authority is still respected and little challenged. For instance, a manufacturer of travel goods, having to retrench sharply, says he is negotiating to lay off 40 per cent of his workforce. He concedes that the negotiations are tough, but has little doubt that layoffs will be accepted.

Before new legislation was introduced this year, the Employers' Federation (CEOE) had complained that dismissal legislation was too rigid. But only one of the six businessmen still feels severely handicapped. Yet he cites a case of a company he is proposing to absorb. "There was one man who had been working there for 30 years. I told him either I engage him on a new contract which ignores his accumulated seniority, or there is no job. He accepted my proposal." Companies of this size seem able to shed labour more easily than large organisations, as arrangements can be made individually.

The effects of the recession on the companies are by no means uniform. Significantly, two of them are pressing ahead with expansion (one company providing services and equipment to electricity companies).

Only one of the businessmen has frozen indefinitely all new investment. The companies' profits have stabilised after sharp growth in the early seventies, and in some instances are under strong pressure. This lower profitability is accepted by the six as a matter of fact. Pressures on profits are coming mainly from higher financial costs, and the greater cost of labour and raw materials.

Spreading

The companies also have harsh words for the banks, complaining that credit is both costly and difficult to obtain. They accept the rise in interest rates, but say that Spanish banks are also transferring to clients the cost of their excessive branch expansion in recent years. They also say that too often the banks only make available credit for clients in which they are directly interested. In all this, the tendency is to blame the banks rather than the Government's credit policy.

The difficult situation has forced small companies to deal with a large number of banks spreading their business in the hope that credit can be gleaned from several, or checking who offers the best terms. Some are dealing with as many as 12 banks. While there is a general preference for the large banks, several of the businesses made a point of dealing with medium and small ones as well.

A particular problem for this size of business appears to be difficulty in getting credit for the right period of time. For instance 30-day credit seems fairly readily obtainable to cover imports. But by the time imports from the EEC have cleared customs and been delivered, they often exceed this timescale, which means the companies themselves have to cover the extra period. Those companies in manufacturing also face difficulties with financing stocks. Often operating in cramped conditions, there is little on-site surplus space, so that the additional cost of warehousing has to be incurred. Rather than finance stocks, most prefer to cut production through layoffs.

A more serious underlying trend concerns the use of reserves. Companies are being obliged to use up reserves to sustain them through the lean years, the six businessmen complained. One voiced the fear that the companies are rapidly decapitalising, and when economic activity picks up, they will be in poor shape to respond. Several of the businessmen cite instances, not in their own companies, of management deliberately decapitalising, because they see only a limited chance of survival.

The companies involved in manufacturing are geared essentially to the domestic market. But the recession has forced some of them to seek export markets. But, having begun to export they were hard hit last year by the appreciation of the peseta. Together with rising costs at home, this forced them increasingly to sell goods at cost or below in order to remain competitive.

Most of the six ruefully concede that productivity has declined in Spanish plants and that wages have risen faster than in other European countries.

Significantly a majority of the businessmen have conceded wage rises this year of 15 per cent, almost at the limit of what had been recommended by the Employers' Federation—and above the norm. All companies pay out 14 months' wages and some pay as many as 15.5 months' wages a year, the extra payments coming in July and December. None feels able to break with the practice, established under Franco, to ensure that though organised labour was illegal, work was well-rewarded.

To this long list of complaints and difficulties must be added a further moan—by no means confined to small and medium sized businesses. They feel a general lack of direction in government economic policy. This in turn makes them worry more about the present and concentrate less on future planning. None can yet see a light at the end of the tunnel for the Spanish economy, though the majority retained an instinctive optimism. This is probably their ultimate strength.

BOOK REVIEW

BY CHRISTINE MOIR

A credo for self-regulation

TWELVE YEARS after its establishment by order of the Bank of England, the efficacy, strength, wisdom and flexibility of the Takeover Panel is still being questioned.

Last year saw the unedifying struggle between the Panel and the Hong Kong based group, led by Jim Raper, which acted in concert to acquire more than a third of Saint Piran, the Cornish tin miner, without bidding for the rest.

The struggle is still not over. Mr. Rapier has still not made his bid from Hong Kong. Saint Piran's shares languish indefinitely in limbo, suspended on the stock market.

In February De Beers made its now notorious "dawn raid" on Consolidated Gold Fields and amassed a 25 per cent stake. Since then "dawn raids" have become the market's favourite game—the raiders taking care, however, to buy just under 30 per cent of their prey to avoid triggering off a mandatory bid for the rest.

To outsiders the raids look remarkably close to partial bids while not complying with the basic principle of the City Code on bids. All shareholders are not treated equally. The Panel, meanwhile, remains on the side line, turning its face against partial bids for historic reasons while—some think—the market has moved on and needs direction.

Controversies as dramatic as these sit oddly beside the claim by Sir Alexander Johnston, deputy chairman of the Panel, that "the voices that tended to greet each successive crisis with the cry that the Panel now had its last chance have become fainter . . . the Panel seems to be securely established."

However, as one reads the detailed history of the Panel's first 12 years published yesterday by Sir Alexander, the longer and wider view robs his claim of its initial apparent complacency.

The Wilson committee's recent report on the City concluded that the Takeover Panel has had considerable success in its sphere of operation in transforming what was described as a jungle 10 or so years ago into an orderly and regulated procedure."

The accolade is substantiated by the evidence in Sir Alexander's book—a masterly compilation of the case studies from which the present City Code evolved.

Sir Alexander's dry and delicate summaries of the titanic battles of the past—Pergamon, Williams Hudson, Ashbourne Investments, Hays Wharf, Grendon Trust—should be compulsory reading for any newcomer to the corporate finance departments of City merchant banks and stockbroking firms.

But time moves on and the takeover waters are still troubled by shoals and rapids and infested by predators.

When it comes to discussing the current spate of problems faced by the Panel, Sir Alexander is stronger on stating the problems than on debating possible solutions.

In his prefactory remarks Sir Alexander deliberately distances himself from the Panel as a body. His book is to be read as a personal statement; it does not have the Panel's imprimatur, he stresses. Yet the reader will have difficulty in making the distinction and the book must surely occupy the twilight zone between a memoir and an official history.

Sir Alexander is no doubt aware of this confusion, which probably explains his hesitation in advancing strong views on the problems which have yet to be solved. What is to be done about foreign predators, for instance, without the protection of the Foreign Exchange barrier? How will the Panel publicise its judgments when increasingly its case studies are simultaneously subject to law suits?

There are major issues at stake for the regulation of the securities market in the wake of the Wilson report and with the trend towards greater statutory impositions in the wake of the European Community. Sir Alexander points to the issues but does not really debate them.

He apparently feels freer to analyse in greater depth the principles and rules which form the Takeover Code at present. A good third of his book is devoted to this analysis which, while sometimes naive, will repay regular thumbing by any company or financial adviser which expects one day to have to explain itself before the Panel.

Sir Alexander's personal style is clearly to be seen in such asides as that on General Principle 5—the prevention of a false market. Insider dealing, he notes, can sometimes raise the price of a share nearer to its true value when a bid is announced with the result that the market created by the earlier dealing "should perhaps be described as unfair to the outside buyer rather than false."

Who knows but that this statement may not be quoted to telling effect in a court of law some day!

The book may also have a more intangible benefit. It is saturated with Sir Alexander's belief in the principles of fairness and equity which he argues are more flexibly and strongly served by self-regulation than by statute. His credo may serve as a reminder that much of the City's business continues to rest on its international reputation for integrity.

The City Take-over Code by *Sir Alexander Johnston*. *Oxford University Press, Walton Street, Oxford. £20.*

Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

● SAFETY

Protects the gauges

AN ECONOMICAL method of protecting pressure and vacuum gauges in pipelines or on tanks carrying corrosive liquids or gases has been introduced into the UK by LCA Pipelines of Leeds.

The device is the "Chemical Gauge Guard" from Plast-O-Matic Valves Incorporated. Available for vacuum or pressures up to 200 psi, the unit consists of a durable and flexible diaphragm inside a corrosion-resistant plastic housing. Connection is by a ¼ inch BSP nipple to a base thread in the housing with the instrument thread connected to the top half of the housing.

The space on the instrument side of the diaphragm is completely filled with refined mineral oil so that system pressure changes, causing diaphragm movement, are communicated accurately to the instrument. Gauge guards are available in PVC, 20 per cent glass filled polypropylene and the fluoropolymer, Halar; diaphragms are in Teflon or Viton.

The guard is claimed to reduce instrument failures and can be used in situations where the liquids or gases would otherwise corrode the metal components or the instruments.

In addition to corrosive fluid applications, it can also be used to isolate an instrument from lines carrying ultra-pure liquids, or lines carrying suspended solids or viscous fluids which might otherwise clog it.

Where it is desirable to clean the diaphragm of food or chemicals which might decompose, an optional removable housing is available. This allows access to the process side of the diaphragm without disturbing the oil in the topside. To eliminate the necessity of purchasing expensive stainless steel instruments to withstand a corroive atmosphere, the "Guage Shield," a transparent air and water-tight acrylic cover can be used to isolate the instrument from the surrounding atmosphere.

LCA Pipelines, Whitehall Estate, Leeds LS12 5PZ. 0532 634200.

● ENERGY

Windmill to be put on trial

AFTER several years' efforts to secure a proper trial of what, on the face of it, appears to be the best design for a windmill to provide motive power for a generator, pumping system or whatever, the Musgrove vertical axis windmill is to be given a thorough testing as this entirely original concept well deserves.

Its advantages are many. Firstly, it has a vertical axis, which means that it does not have to be turned into the prevailing wind either mechanically or automatically (both solutions spelling additional complications in the power transmission system).

Secondly, and possibly equally important, is the fact that in contrast with other vertical axis systems, most of which belong to the troposkein or "eggwhisk" type, the vertical blades can be made as a very simple aerofoil and have the property that as wind strength increases they can be made self-feathering so that stress damage cannot occur.

Sir Robert McAlpine is leading a consortium which will carry out a design study on a 25 metre diameter version of the Musgrove system, aimed at incorporating it in a prototype generating station with an output of 130kW. Support is coming from Department of Energy.

This study will provide the pilot scheme for the design of a wind turbine developing between 2 and 3 Megawatts.

This H-shaped windmill has many attractive properties inherent in its design, not the least of which is extreme simplicity and enough difference with anything dreamt up hitherto to allow extensive patent protection.

Development of this design complements work already in hand between Taylor Woodrow and the British Aerospace Organisation for the Department of Energy on a horizontal axis wind turbine.

Dr. Musgrove (Reading University) will be a consultant to the McAlpine-led consortium which also includes Aircraft Designs (Bembridge), Engineering and Power Development Consultants and NEI Clarke Chapman Cranes.

Further information on the "Musgrove H-mill" study from Sir Robert McAlpine, 40 Robert Street, London WC1. 01-837 3377.

Controls the heating

THE DAYS of electromechanical timing systems for the control of central heating and air conditioning must surely be numbered as more and more makers come to the market with units based on the microprocessor.

Where relatively large energy consuming buildings are involved the reason for using the new systems is not difficult to see: they offer much more flexibility in programming resulting in very worthwhile savings in fuel bills.

Latest offering is from Sensors and Systems, High Street, Melbourne, Derby DE7 1GJ (03316 2228). Known as the Micro 8, it can be equipped with two temperature sensors (thermistors) to give an averaged measurement over two locations, the reading appearing on a digital display.

Programming is from a calculator style keyboard, making the unit somewhat easier to set than the conventional device. Each of two programs over a 24 hour day is divided into four time periods and each period can be set for a different temperature.

The programs can be suspended for a period of up to 99 days, allowing holidays or other "empty premises" circumstances to be met. However, at such times the Micro 8 continues to function to provide heating for frost protection if the temperature falls below 5 deg. C.

If central heating is not needed, the unit will provide two different hot water programs, each of which can be programmed to any day of the week.

A switch position is provided for cooling instead of heating, and a rechargeable standby battery ensures continued programs if the mains fail. The unit measures 160 x 95 x 30 mm and is easily installed.

● COMMUNICATIONS

All on one terminal

IT NOW seems evident that office terminals providing in-house viewdata and access to the Post Office's Prestel while also allowing word processing and routine computing, are likely to come on the market in increasing numbers.

Both Redifon and Honeywell-Incoterm have recently entered this area and the latest announcement is from Kirby Lester Electronics with the PCT-14, a desk top unit with 14-inch colour tube and keyboard; a second keyboard is available for page creation and editing.

The unit has an integral modem for communication over the phone system and an auto-dialler that will store six computer access numbers. A V24 interface provides for connection to most computer systems. The terminal alone costs £1,500.

To build up an in-house viewdata library of pages the company will supply a small computer additional and disc storage and, together with a printer the price then becomes £5,000.

The terminal is equipped with RF circuits for TV reception and Prestel frames can be kept by plugging in a cassette recorder.

John Kirby, joint managing director of the company, believes that for many fairly small businesses Prestel alone would be a luxury and that the extra potential offered by the PCT-14 will make it viable for many more customers.

He claims it can form the core of a complete computer system by the addition as desired of a micro, line printer, disc store, word processing module and standard daisy wheel typewriter.

More from Kirby Lester Electronics, Osborne Industrial Estate, Waddington Street, Oldham OL9 6QQ (061 620 1421).

● PACKAGING

Quick way to make boxes

INGENIOUS design allows an injection-moulded polypropylene corner piece to be snapped into place on pre-cut, mitred hardboard or fibreboard to form rigid, stackable boxes in a matter of seconds without special tools.

Metal Closures Thermoplastics, the developer, says this means the boxes may be shipped flat, and assembled, broken down and re-used as required, saving valuable storage space as well as space in transit.

Initially developed for the horticultural trade for produce such as tomatoes and strawberries, they have advantages over boxes with triangular soft wood corner posts which take up valuable contents space, need to be stapeled into position so that even when empty they require large storage areas, and can cause damage to the contents from the metal fastenings.

The new MCT corner pieces have been satisfactorily tested with loads well in excess of those expected in service, and as they can be fitted onto a variety of boards—including waxed and corrugated cardboard—they are ideal for all kinds of industrial uses.

Metal Closures Thermoplastics, Gillibrands Road, Skelmersdale, Lancs. WN8 9TT. 0695 22862.

● COMPONENTS

Will sense the pressures

MONOLITHIC pressure sensors that operate at pressures up to 100 pounds per square inch (psi) are solid-state units. These new devices are extremely versatile because of their low cost and high operating pressure. Applications for the 100 psi for pneumatic control systems, refrigeration, hydraulics, tyre and oil pressure monitoring, and plant safety systems.

Previously LX0503 and LX0603 were available with operating pressures only up to 30 psi, the new LX0520 and LX0620 monolithic are being manufactured in absolute, differential and guage pressure types, and represent the lowest-cost alternative to hybrid devices with on-chip signal conditioning.

The 100 psi transducers come in either TO-5 metal can or ceramic packages (for easy board installation). The overall system cost for pressure monitoring and control is further reduced by this type of high density packaged device.

Compatible working media for the new monolithic devices, include most non-corrosive gases, fuels, oils, refrigerants and hydraulic fluids. Aqueous fluids can be used only with the "backward" or protected gauge version.

The LX520 and LX620 have 0.2 to 0.8 mV/psi sensitivity, and operate from single 7.5 volt supplies. On-chip temperature compensation reduces typical span temperature coefficients (in the 0° to 85°C range) to 0.02 mV per degree C.

National Semiconductor (UK), 301 Harpur Centre, Horne Lane, Bedford. 0234-47147.

● METALWORKING

Presses are made more reliable

NEW generation LVD hydraulic press brakes introduced into the UK by Shearform Machine Tools, Reddish, includes the PPN and PPC model ranges, covering capacities up to 500 tons.

A hydraulic circuit of monobloc construction considerably reduces the amount of pipework so that only minimum upkeep is necessary and the risk of pipe failure is reduced, whilst a new type of pump reduces noise levels to well below 70 dBA.

PPN capacities are from 45 to 450 tons. Standard models are of all-welded construction and are of monobloc design up to and including 180 tons. On models over 180 tons the bottom beam is removable.

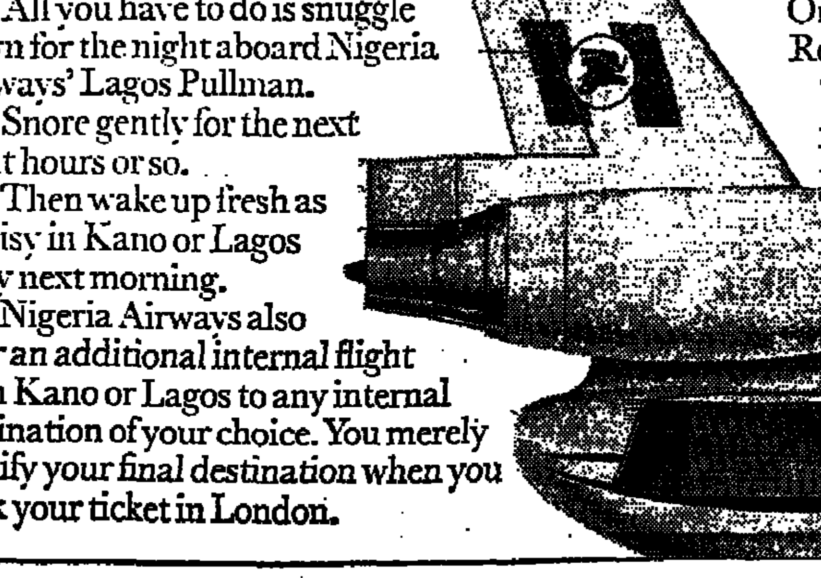
The depth setting of the ram to an accuracy of 1/100 mm is mechanical, being adjustable by handwheel up to and including 65 tons, beyond which it is motorised.

The electro-electronic potentiometer control system is completely new. It gives a more compact construction, with easy and rapid depth setting adjustment. The ram compensation is such that optimum working conditions are maintained even when working under full load on one side of the press. These machines can be fitted with two axis Cybelec NC control system to give automatic programming and, if required, adjustable working and return speeds can be provided.

PPC capacities are from 50-500 tons, providing a low-cost machine by savings on hydraulic and structural weight. Machines are of monobloc design up to and including 200 tons, above which the bottom beam is removable.

The control system is electro-hydraulic, offering flexibility and ease of operation. As with the PPN range, ram compensation is such that optimum working conditions are maintained even when working under full load on one side of the press.

Shearform Machine Tools, Unit 9A, Gregory Way, Off Greg Street, Reddish, Stockport, Cheshire SK5 7ST. 061 477 5825.



هكذا من الأصل

From 7·30 tonight, British Caledonian bring yet another continent under their wing.

British Caledonian's maiden flight to Hong Kong takes off from Gatwick at 7.30 tonight.

It inaugurates a 4 days a week service and it brings Asia under the wings of our wide-bodied DC10s for the first time.

It is also the logical extension to an international network that has already pioneered the lowest fares and the highest standards of passenger comfort to the continents of Europe, Africa and North and South America.

True to form, we offer the widest range of fares, from our 11th Hour Standby at a mere £99 to the luxury of First Class flying in our exclusive Skylounger seats.

August 1st 1980 is a very important date for another reason.

By happy coincidence, it marks Gatwick Airport's 50th birthday.

During those 50 years, Gatwick has developed into a major international airport supporting 28 airlines serving over 100 destinations.

British Caledonian has played the leading role in that development and now fly to 47 of the destinations served.

So it's very appropriate that, while they carve another slice of the birthday cake at the airport, their largest airline will be carving out another slice of the world.

Just by way of celebration.

Many happy returns, Gatwick. Many happy arrivals, Hong Kong.

British Caledonian

We never forget you have a choice.

We fly to and from: Abidjan, Accra, Algiers, Amsterdam, Atlanta, Banjul, Benghazi, Brussels, Buenos Aires, Caracas, Casablanca, Dakar, Edinburgh, Freetown, Genoa, Glasgow, Guayaquil, Hong Kong, Houston, Jersey, Kano, Lagos, Las Palmas, Lima, Lisbon, Lusaka, Manchester, Monrovia, Oran, Paris, Quito, Recife, Rio de Janiero, Rotterdam, St Louis, Santiago de Chile, São Paulo, Tripoli, Tunis.

THE PROPERTY MARKET BY MICHAEL CASSELL

Investment still rising

PENSION FUNDS pushed more money into property during the first three months of 1980 than in any quarter since the start of 1978.

Government figures show that funds put an estimated £199m into property between January and the end of March, a rise of £57m on the previous quarter and by far the highest figure recorded for two years.

At the same time, however, the volume of investment funds going into property on the part of insurance companies dipped during the first quarter. Total property purchases amounted to £176m against £253m in the last three months of 1979.

That last quarter did, however, reflect an exceptionally high level of purchasing activity and the latest three-month figure still represents the second best total recorded in recent years.

Last year, investment in property by the pension funds and insurance companies showed little growth, despite their enthusiasm for the sector, and the lack of progress was largely because of the restricted supply of top quality propositions. Total investment reached around £1.3m compared to £1.1bn in 1978.

That the funds wish to increase their involvement in property still further is beyond doubt and only the extent to which they will succeed remains a matter for debate The rate of investment this year is so far up on 1979, though at least some of the increase reflects rising capital values.

There are suggestions that by 1984, institutional investment in property will be roughly three times the present level, a questionable theory but one which could be helped on its way with some easing of yields (though it is institutional demand itself which has kept them at historically low levels and which has not apparently been put off as a result). The theory must also assume that the flow of available property substantially increases.

There are already signs that more may well be available as the recession bites deeper and companies look to their assets to raise cash. Sale and leaseback deals could be on the increase and the decision by Tube Investments to seek a buyer for its London headquarters could be a sign of things to come.

In its latest commentary on the investment market, Jones Lang Wootton says that the expected emergence of forced sellers over the coming months may well establish higher yields for second-line investments which have in the past been acceptable to the institutions but which have generally been unable to find a satisfactory yield level for trading.

JLW adds: "It is noticeable that the demand from the institutions for developments has markedly decreased; this is partly due to commitments to such investments entered into over the past two years, partly to the relative decline in quality of offerings, as is to be expected after the initial stages of a development cycle, and partly to the increase in building costs over and above the rise in price inflation."

NORWICH UNION has agreed to fund the construction of 240,000 sq ft of factory space in South Wales. The £5½m venture is with the Welsh Development Agency and the factories will be built on and near the Agency's Bridgend industrial estate. While the Agency will build and finance the cost of construction, Norwich Union will buy the freehold of the Waterton units and, in a sale and leaseback arrangement, obtain a 999 ground lease on ***the Bridgend properties.***

● **Hunting Gate is** ***to develop a 230,000 sq ft*** **town centre scheme at Warrington which will, on completion, be valued** ***at over £20m.*** **Sole letting and managing agents for the scheme, due to be trading in 1983, are Donaldsons.**

● **Carreras Pension Fund has** ***acquired for around £650,000*** **the freehold of 20 Buckingham Gate, London, S.W.1. The building, with a total floor area of about 4,000 sq ft, is let to Cinzano (UK) at a rental of £27,500, with a rent review due in 1985. James Abbott Partnership acted for the pension fund.**

● **Dixons Photographic has paid around £400,000 through Conrad Ritblat for a 51 year lease on the former Hardy's** ***furnishing store in*** **English Street, Carlisle.**

Trafalgar House set for Firestone deal

THE NEXT three or four weeks should see the conclusion of the purchase by Trafalgar House of the 28-acre Firestone complex on the Great West Road at Brentford, Middlesex. The deal will probably represent the biggest single industrial sale in the London area.

Negotiations are at an advanced stage and although the purchase price is thought to be between £15m and £20m (against a £22m asking price) the speed of the deal will come as a surprise to those sceptics who thought agents Garrard Smith would have their work cut out to find a buyer.

Park

Trafalgar House was among those who showed an early interest in the complex and it is understood to have plans to develop the area, through its Builders Amalgamated subsidiary, as an industrial park. Redevelopment is likely to involve a blend of the best of the existing buildings and new space.

The Firestone buildings, forming a landmark on the Great West Road for over 50 years, provide a total of around *1.1m sq ft* of industrial, warehouse and office space and until recently housed the group's European headquarters.

When the proposed sale was announced, Garrard Smith said it intended to promote the complex from the United States to the Far East, although at the end of the day most interest appears to have come from much nearer home.

There were suggestions that few potential bidders would be interested in a batch of ageing buildings—the most recent being around 20 years old—that would prove extremely costly to improve or replace. At the same time, doubts were cast over the prospects for any large-scale scheme which attempted to provide manufacturing space, in line with local authority thinking, as opposed to warehousing facilities. A combination of both may be the most likely outcome.

The sale comes at a time when the outlook for industrial property is uncertain and there is evidence of a surplus of space in several areas, although it will clearly be some considerable time before space on a "new look" Firestone estate can be marketed. The location of the estate will be a major "plus" point, offering the benefits of close proximity to London, Heathrow airport and the motorway network which have attracted such substantial neighbours as Fiat, Gillette and Honeywell.

As it stands, the Firestone estate comprises a main factory of 680,000 sq ft additional multi-storey and industrial premises providing a further 123,000 sq ft, a 185,000 *sq ft* warehouse and 60,000 sq ft of offices.

Ladbroke to pay £11.3m

IN ANOTHER bid to step up its property interests, Ladbroke Group is paying £11.3m (interest-free over three years) for the old General Motors' "Frigidaire" factory site on the Edgware Road at Hendon in North London.

London and Leeds Investments, *the Ladbroke property* subsidiary, is to redevelop the site to provide 550,000 sq ft of industrial and warehouse space and the first units will be available by December 1981.

Mr. Kurt Kilstock, chief executive of the company, also announced yesterday that it has arranged what it believes to be one of the largest-ever industrial pre-lettings on the site—to General Motors. GM is to take 100,000 sq ft of factory space, at an annual rent of £350,000, in the first phase of the new 25-acre industrial park. When completed in 1985, the scheme is expected to have an investment value in the region of £30m.

The GM complex, within two miles of the M1 motorway, became redundant when the group stopped the manufacture of domestic appliances and moved its warehousing operation to Milton Keynes. Ladbroke also intends to provide some office space on the site.

GM were advised by Jones Lang Wootton and Ladbroke by Grant and Partners. Both will be retained as letting agents.

New York and London sales break records

THE LARGEST single property purchases ever seen in New York and London, both announced this week, provided a dramatic illustration of the wide gap which exists between real estate values in the two cities.

Monday's announcement that British Petroleum was buying the Chiswell Street, City, office complex now being developed by Trafalgar House and Whitbread coincided with news from the U.S. that Metropolitan Life Insurance had agreed to buy the world-famous Pan Am building, otherwise known as 200 Park Avenue.

But while BP is to pay £93m for 440,000 sq ft of net floorspace, Metropolitan Life is parting with about £170m for five times the floor area located in midtown Manhattan.

The size of the differential—also long reflected in rental values in the two centres—brought a gasp from John White, chairman of Landauer Associates in New York, which acted for Pan Am in the sale and is part-owned by Hillier Parker May & Rowden. He briefly permitted himself the luxury of toying with the thought of what the Pan Am building might raise if it sat somewhere between Oxford *Street and Bishopsgate before* going on to confirm details of the sale which makes a bit of U.S. real estate history.

Metropolitan *Life* won the second part of a two-phase bid against competition from half a dozen "finalists" and it seems that the prospect of ownership of the 59-floor Pan Am tower excited the taste buds of a few non-U.S. investors.

At an early stage of the marketing campaign, which began in late April, more than one UK public sector pension fund (CIN's Hugh Jenkins wearing his Stetson?) and life assurance *group showed an interest.*

Pan Am, which has been running up huge losses, was apparently advised that the time was right to sell in view of an immensely strong real estate market and what Mr. White described as a distinct "renaissance" in central city areas *throughout* the U.S.

The tower, which sits beside Grand Central station and has some individual floors offering up to 100,000 sq ft each, will remain home for Pan Am which occupies 350,000 sq ft of space and which will have a 20 year lease on its offices.

Under the terms of the deal, the new owner of the freehold will have to embark on a multi-million dollar refurbishing programme involving all the public spaces in the building. It should be carried out within 18 months.

The Pan Am building currently has 160 tenants, including major law firms like Coudert Brothers and Rogers and Wells, and advertising agencies such as Kenyon and Eckhart and Foote Cone and Belding. Rents range from around $16-18 a sq ft inclusive at the bottom to about $38 at the top.

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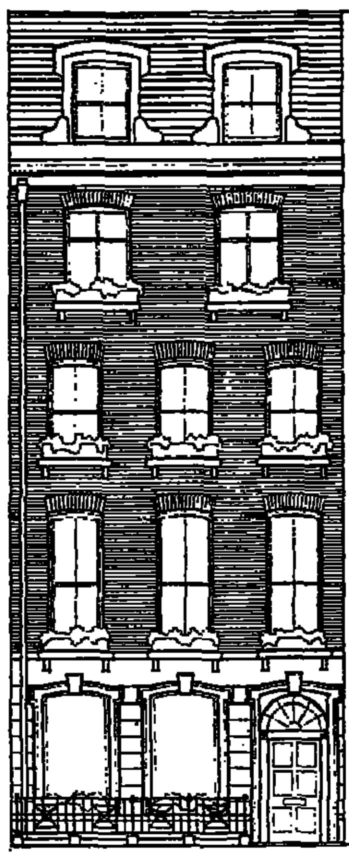

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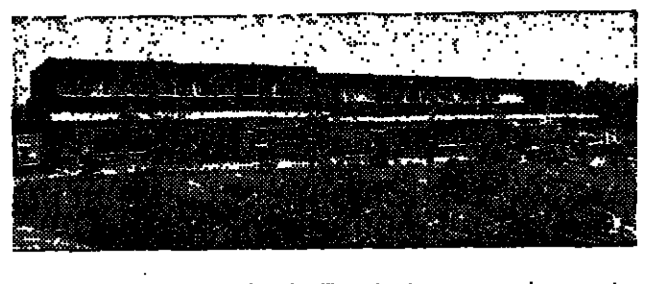

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LOMBARD

The case against enterprise zones

BY ANDREW TAYLOR

AS AN exercise in promoting urban regeneration the Government's new-style enterprise zones represent no more than window dressing. Giving free watering cans to nomads and expecting them to make the desert bloom would appear to have as much chance of success.

We have been told that the zones should be welcomed as no more than a worthwhile "experiment." But if they are to be a substitute for comprehensive public sector investment in better housing and improved infrastructures they will be meaningless and will only serve to distract attention from the real job of tackling the deep-seated causes of inner city and urban decay.

Incentives

Without significant improvements being made to the economic and physical fabric of these areas there is little prospect that industry and commerce will be persuaded to go to locations where, for sound strategic reasons, they have not been prepared to go in the past.

Commercial investment decisions are not made on the basis of the kind of fiscal and other incentives now being proposed for enterprise zones, particularly as there is no guarantee that these will be continued after the initial 10-year *experimental* period.

Industry and commerce are attracted to areas with sound environments and good communications and where there is an adequate stable supply of skilled workers—which will not be persuaded back to inner cities without the prospect of adequate housing, *schools*, hospitals and basic social amenities.

The various well-intentioned carrot-and-stick measures introduced by successive administrations "to reverse the engines of exodus" have all failed to stem the decline of inner cities. This package although *going further than anything* seen so far is unlikely to be any more successful.

Moreover the new zones may prove counter-productive rather than just ineffective. Incentives *now being offered* will apply only to small areas of around 500 acres, and there is the danger that advancement in enterprise zones may be at the expense of development prospects for surrounding districts.

Mr. Nigel Broackes, chairman-designate of the urban development corporation planned for London's derelict dockland areas, has successfully argued that a London enterprise zone established outside the boundaries of his new corporation might have presented unfair competition and attracted private sector funds that would otherwise have gone to docklands. Similar cases can be made in other major centres where enterprise zones are proposed.

Equally there is the danger that undesirable businesses and developments may be encouraged by the new package, which includes minimum *planning restrictions*. Sex shops and scrap metal yards may be prevented by a catch-all provision which prohibits developments constituting a nuisance, but construction of a new generation of warehouses and distribution depots which might be attracted by the benefits attached to enterprise zones will hardly enhance the fabric of an area and will do little to resolve unemployment problems.

The steady decline of many inner city and urban areas has *in part* been a consequence of the success of new town development corporations in *attracting private-sector investment* in factories, shops, offices and, more recently, industrial nursery units.

Environment

Major pension funds and property developers have been prepared to go to new towns like Harlow and Warrington because in the planning of these centres funds were made available to ensure that sufficient infrastructure was put in place to create a sound environment for investment.

If the object of enterprise zones were primarily to establish *testing grounds for a new* approach to government's fiscal, planning and bureaucratic relationships with industry, then a broader spread of differing types of area might well have been chosen.

To present the zones as a worthwhile experiment to try to resolve the problems of urban decay and unemployment is misleading and a distraction.

A thriving garden city after 77 years

BY ANTHONY MORETON

TO MOST people Letchworth is probably little more than a dot on the map, one of those *satellite towns* around London. Some may be aware that it is a garden city—a curious juxtaposition of words — something on the style of Welwyn Garden City or Hampstead Garden Suburb.

Few now remember that it was the country's first garden city and the place where one of our most important social experiments originated, an experiment of immense significance 40 years later with the Silkin Town and Country Planning Act in our whole approach towards planning and the relationship between town, country and the individual.

Letchworth was founded in 1903 by an extraordinary visionary, Ebenezer Howard, who was appalled by urban conditions of his day and by the way in which the necessity to earn a living placed intolerable burdens on workers and their families. He believed it was possible to create an environment — though that was not *a word in his vocabulary* — in which people could have neat houses and small gardens, look out on tree-lined streets and still be able to walk to work.

Howard was not unique in his approach. He drew on experience in America and two architects with whom he became associated, Barry Parker and Raymond Unwin, had put some advanced ideas into practice outside York a year earlier. There had also been developments by the Cadburys at Bournville and the Levers at Port Sunlight, though these were intended more to provide good-quality homes in *decent surroundings* near the workplaces.

AROUND BRITAIN

LETCHWORTH

Howard wanted to integrate town and countryside and work and his memorial is Letchworth, a town of some 31,000 people with more than 200 companies, other offices and shops, wide tree-lined streets (curiously, reflecting the time in which they were designed, the roads *are narrower than the grassed* side-walks) and houses set in ample land.

His memorial exists in another form, too. Letchworth is a town where unemployment is traditionally low and where it is not difficult to find a job. Despite two nasty closures this year —Borg-Warner and KL Foundries (part of the 600 Group)—unemployment is still only 3.7 per cent. It has, quite recently, been as low as 2.5 per cent.

If Howard was an idealist, he was also something of a paternalist. Originally the town was "dry," not because he was against drink but because he thought it created great social problems and wanted to see what would happen in a town without a public house. So he created a town for the good of *the people, irrespective of what* they wanted.

He also set up the First Garden City company as the necessary corporate entity. However, after a takeover attempt by Raglan Estates in the late 1950s and a bit of asset-stripping when it fell into private hands for a short while, the company was nationalised by the Macmillan Government in 1962, with the wholehearted support of both Tory and Labour members in the Commons.

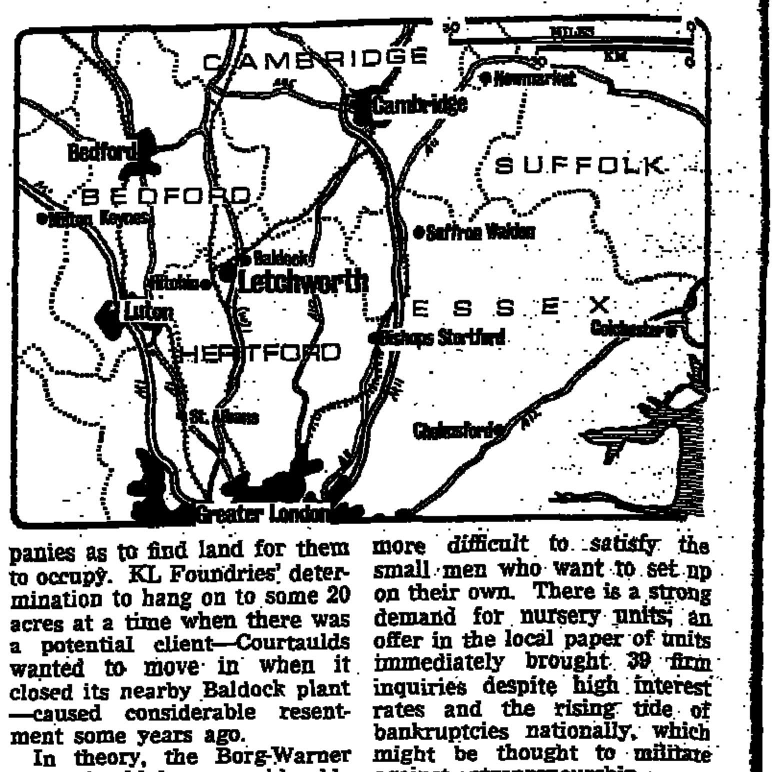
Nationalisation restored its independence and the town is now run by the Letchworth *Garden City Corporation.* It is profitable—last year's surplus was £1.94m—and ploughs all the money it receives in rents from its houses, factories and farms back into the community.

But while it is formed as a company it actually operates in a sort of grey area between the private and public sectors. Its six-man board is nominated by the Secretary for the Environment, North Herts District Council and Hertfordshire County Council and there is a faltering degree of community participation. But it pays no dividend and all the surplus it makes goes to the community.

Letchworth is not, and has never been, a town based on white-collar work. Its largest employer now is ICL, which started in the town under the *guise of British Tabulator*, but other heavy concerns include Shelvoke and Drewry, which makes council dust carts, Jones Cranes (also part of the 600 Group), Armco, producing *brake pipes for the motor* industry, Herts Polymer, Herbert Sigma (part of Alfred Herbert), a Courtaulds subsidiary and Morse Chain.

This spread is very much in the tradition of *the early days.* An early guide to the town informed prospective residents that the fare from King's Cross by train was 2s 10½d single, rates were "under 2s 6d in the pound and are likely to remain low," that vehicles could be hired for 1s 6d an hour and that work could be obtained in asphalt production, mineral waters, Swiss embroidery, geysers, book binding, publishing or the gasworks.

Letchworth's problem now is not so much to attract companies as to find land for them to occupy. KL Foundries' determination to hang on to some 20 acres at a time when there was a potential client—Courtaulds wanted to move in when it closed its nearby Baldock plant —caused considerable resentment some years ago.



In theory, the Borg-Warner plant should be a considerable addition to the town's resources. It occupies 330,000 sq ft and it is believed that a top-of-the-market price of about £6m is being asked. The trouble is that the plant cannot easily be sub-divided and so it will almost certainly have to go to one buyer.

The corporation finds it even more *difficult* to *satisfy* the small men who want to set up on their own. There is a strong demand for nursery units; an offer in the local paper of units immediately brought 39 firm inquiries despite high interest rates and the rising tide of bankruptcies nationally, which might be thought to militate against entrepreneurship.

But, then, Letchworth is not London commuter territory in the way some of the towns to the south of the Thames are. It has its own life, its own industrial base and its own sense of purpose. Ebenezer Howard would have been well pleased with the progress it has made in 77 years.

A duel for the Extel Stakes

RACING

BY DOMINIC WIGAN

TWO IMPROVING bays, separated by only 1 lb in the weights for today's Extel Stakes at Goodwood, can fight out the finish to the 10-furlong race.

They are Summary—trained by Bruce Hobbs—who has made the frame on all but two of his nine appearances, and Dick Hern's Whitehall Bridge, runner-up in four of his five races to date.

Goodwood has proved one of Bruce Hobbs' most profitable *hunting grounds in recent* years, and Summary was not disgraced at Newmarket last time out, when he finished third behind Milloletta after losing his place badly approaching the *half-mile* marker.

But Whitehall Bridge, an Auction ring colt with slightly more scope, will probably prove his master.

Dick Hern's charge—runner-up to Lavinsky, Columnist and Vielle in his three juvenile races—was *certainly* not given a hard race at Haydock recently, when he finished second to King's Ride in the Great Central Handicap.

Looking ahead to Doncaster, the Tote reports sound support for Water Mill in the St. Leger. His odds have been clipped two points to 12-1 for Britain's oldest classic, from which both Bireme and Henbit will unfortunately be missing.

In their absence there is little doubt that Water Mill, their stablemate, will come in for further support, particularly if he can land this afternoon's Alycidon Stakes in good style.

Water Mill, a beautifully bred bay by Mill Reef out of Heavenly Thought, will be served well by today's 12 furlongs.

With the going likely to be on the fast side of good *(barring further rain)*, he can hardly be opposed off 8 st 2 lbs, and I take him to win from World Leader.

GOODWOOD

2.00—Fine Honey
2.35—Water Mill**
3.05—Whitehall Bridge***
3.35—Lion In Winter
4.05—Roman Scribe
4.35—Prince Of Spain

NEWMARKET

6.15—Kyoto
7.10—Nice Value
7.40—Ripcorn
8.10—Strathfillan*

ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

GARRICK. CC. 01-836 4601. Evgs. 8.00 (sharp). Fri. and Sat. 5.30 and 8.30. Ira Levin's DEATHTRAP.

GLOBE THEATRE. S. CC. 01-437 1592. Group sales 379 6061. Evgs. 8. Mat. Wed. 3. Sats. 5 and 8.15. Beryl Reid. Barry Foster. Peter Bowles. Jan Waters in a new play by Peter Nichols BORN IN THE GARDENS.

HAYMARKET. Theatre Royal. CC 01-930 9832. Eves 7.45. Wed. 2.30. Sat. 4.30 and 8.00. LEONARD ROSSITER. PRUNELLA SCALES in MICHAEL FRAYN'S MAKE AND BREAK. Directed by MICHAEL BLAKEMORE.

HER MAJESTY'S. CC. S. 01-930 6606. Keith Michell Julia McKenzie. Mark Wynter. Ann Beach in the Award-winning Broadway Musical ON THE 20th CENTURY. Eves. 8.00. Matinees Weds. 3.00. Sat. 4.00. Instant credit card booking 930 6606.

LYRIC HAMMERSMITH. CC. 01-741 2311. THE BEGGAR'S OPERA by John Gay. From 19 Aug. Booking now open. West End Box Office. 110 Charing Cross Road.

LYRIC THEATRE. CC. 01-437 3686. Grp. Sales 379 6061. Evgs. 8.00. Weds. 3.00. Sats. 5.00 and 8.00. RODNEY BEWES. FRANCIS MATTHEWS in MIDDLE AGE SPREAD. COMEDY OF THE YEAR. WEST END THEATRE AWARDS.

NATIONAL THEATRE. S. 928 2252. OLIVIER (open stage): Ton't 7.30. Tomor 2.45 & 7.30 SISTERLY FEELINGS, new comedy by Alan Ayckbourn. (Ton't Dorcas-Canvas. Tomo. mat "chance" perf eve Dorcas-Races). LYTTELTON (proscenium stage): Ton't 7.45 Tomor 3.00 & 7.45 THE ELEPHANT MAN by Bernard Pomerance. COTTESLOE (small auditorium—all tkts £3. Student standby £1.20): Ton't, Tomor 8.00 The Market Theatre of Johannesburg presents Athol Fugard's A LESSON FROM ALOES. Excellent cheap seats from 10 am day of perf all 3 theatres. Car park. Restaurant 928 2033. Credit card bkgs 928 3052.

OLD VIC. S. 928 7616. CC 261 1821. I HAVE BEEN HERE BEFORE by J. B. Priestley. Mon-Sat 7.30.

OPEN AIR REGENT'S PARK. CC. S. 486 2431. A MIDSUMMER NIGHT'S DREAM tonight 7.45, tomorrow 2.30 and 7.45. Shaw's ANDROCLES AND THE LION from Mon 8.00.

PALACE. S. CC. 01-437 6834. Mon.-Thurs. 8.00 Fri., Sat. 6.00 and 8.40. JESUS CHRIST SUPERSTAR. LAST 4 WEEKS.

PALACE. S. CC. 01-437 6834. RODGERS & HAMMERSTEIN'S OKLAHOMA! Only 7 weeks to opening. Sept. 17.

PALLADIUM. CC. 01-437 7373. YUL BRYNNER in RODGERS & HAMMERSTEIN'S THE KING AND I. Also starring Virginia McKenna. HOTLINE 01-437 2055. Evgs. 7.30. Mat. Wed. and Sat 2.15.

WYNDHAM'S. Air cond. S. 01-836 3028. CC bkg. 379 6565. Eves. 8.00. Fri. and Sat. 6.0 and 8.40 Dario Fo's farce ACCIDENTAL DEATH OF AN ANARCHIST.

CINEMAS

CLASSIC ENTERTAINMENT Teledata 01-200 0200

ABC 1 & 2 SHAFTESBURY AVE. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: CAN'T STOP THE MUSIC (A). Kremmen The Movie (A). Wk. & Sun: 1.50, 5.00, 8.00. Late show Tonight & Sat 11.00. 2: NIJINSKY (AA). Wk. & Sun: 1.45. 4.40, 8.00.

CLUBS

ART GALLERIES

MARLBOROUGH GALLERY, 6, Albemarle St., W1. Important works by AUERBACH, BACON, BRAQUE, ERNEST, FEININGER, HEPWORTH, KITAJ, MOORE, SCIELE, SCHWITTERS, SUTHERLAND, until 29 Aug. Mon.-Fri. 10-5.30. Sats. 10-12.30.

MATHAF GALLERY, 24, Motcomb Street, London, SW1. 235 0010. Exhibition of Contemporary paintings of Kuwait, Oman and Saudi Arabia.

PARKIN GALLERY, 11, Motcomb St., SW1. 235 8144. BRITISH ART 1890-1950. Until 27 September.

THE PARKER GALLERY, 2, Albemarle Street, Piccadilly, W1. Exhibition of Old Marine, Military and Sporting and Topographical Prints and Paintings and Ship Models.

TV/Radio

BBC 1

\+ Indicates programme in black and white

6.40-7.55 am Open University (*Ultra high frequency only*). 9.50 Noah and Nelly in Skylark. 9.55 Jackanory. 10.10 Jigsaw. 10.35-11.00 Why Don't You? 1.15 pm News. 1.30 Bod. 1.45 "The Painted Hills," starring Lassie. 2.50 Olympic Grandstand.
5.40 News.
5.50 Olympic Grandstand (continued).
8.00 Des O'Connor Tonight.
8.50 Points of View.
9.00 News.
9.25 Starsky and Hutch.
10.15 I Didn't Know You Cared (London and South East).
10.45 Regional, National News.
10.50 The Late Film: "The *Trials Of Oscar Wilde*," starring Peter Finch.

All Regions as BBC-1 except as follows:

BBC Cymru/Wales—1.30-1.45 Bys a Bawd. 8.00 Wales Today Bulletin. 8.05 Heddiw. 8.35-9.00 Ask The Family. 10.45-10.50 News for Wales.

Scotland—1.10-1.15 pm The Scottish News. 10.15 The Beechgrove Garden. 10.45-10.50 News for Scotland; National News.

Northern Ireland—10.15 pm Lifetimes (Josef Locke talks to Andy O'Mahony). 10.45-10.50 News for Northern Ireland; National News. 12.55 am News and Weather for Northern Ireland.

England—10.15-10.45 pm East (Norwich) Weekend; Midlands (Birmingham) Spare Time; *North (Leeds) Direct Line*; North East (Newcastle) Seal Sands; North West (Manchester) Champion Brass; South (Southampton) A Cut Above The Rest; South West (Plymouth) Be My Guest; West (Bristol) Day Out.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.15 pm Glorious Goodwood.
4.15 Play School (as 11.00 am).
4.40 Dinky Dog.
4.50 We're Going Places.
5.00 Hey Look, That's Me!
5.25 Fred Basset.
†5.30 "In The Dough," with Fatty Arbuckle.
5.50 Nationwide (London and South East only).
6.15 "Where The River Bends," starring James Stewart.
7.40 Mid-Evening News, including subtitles.
7.50 Gardeners' World.
8.15 Dallas.
9.00 Vive La France: "La Premiere Fois," starring Charles Denner.
10.20 Macleod's America (Alcatraz).
10.45 Newsnight.
11.45 Open University.

BBC-2 Wales Only—4.45-5.00 pm Lladron Donaw. 5.50-6.15 Wales Today.

BBC-2 Scotland Only—5.50-6.15 pm Reporting Scotland.

BBC-2 Northern Ireland only—5.50-6.16 pm Scene Around Six.

BBC-2 England Only.—5.50-6.15 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

LONDON

9.30 am Barney Google and Snuffy Smith. 9.40 An Asian Notebook. 10.05 To The Wild Country. †10.55 Hopalong Cassidy: William Boyd in "Lost Canyon." 11.55 The Animates. 12.00 The Learning Tree. 12.10 pm Once Upon a Time. 12.30 Home Made for the Home. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Emmerdale Farm. 2.00 Houseparty. 2.30 Olympics '80.
5.50 News.
6.00 Olympics '80.
6.30 Thames News.
7.00 Winner Takes All.
7.30 How's Your Father?
8.00 The Spoils Of War.
9.00 Olympics '80 (highlights).
10.00 News.
10.30 End Of Part One.
11.00 Mary Hartman, Mary Hartman.
11.30 A Real Fire.
12.30 am Close: Personal choice with Michael Burrell.

All IBA Regions as London except at the following times:

ANGLIA

9.30 am Cartoon Time. 9.45 Spiderman. 10.10 Grey Angels from Small Hope. 10.45 Clapperboard. 11.05 Call it Marconi. 11.30 The History of the *Motor Car.* 11.55 *Cartoon Time.* 1.20 pm Anglia News. 6.30 About Anglia. 10.30 7 Days. 11.00 Soap. 11.30 Friday Late Film: "McCloud: Who Killed Merri-Ann?" 1.15 am Your Music at Night.

ATV

9.35 am Something Different. 9.50 The Master Builders. 10.20 The Galway Way. 11.05 Kidsworld. 11.30 An Exceptional Child. 1.20 pm ATV Newsdesk. 6.30 ATV Today. 10.30 WKRP in Cincinnati. 11.00 ATV Newsdesk. 11.05 Movie Premiere: "Honour Thy Father."

BORDER

9.30 am Catch '79. 10.00 Horses in our Blood. 10.25 Collecting with Curtis. 10.35 Clapperboard. 11.05 Chopper Squad. 11.50 Cartoon Time. 1.20 pm Border News. 6.30 Lookaround Friday. 10.30 One Man Show. 11.00 *Late Film: "I Want what I Want."* 12.30 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On, Where and Weather. 6.30 Channel Report. 10.28 Channel Late News. 10.36 Talk of the Town (Launceston). 11.05 TV Movie Premiere: "Cotter." 12.40 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 Catch '79. 10.00 Horses in our Blood. 10.25 Collecting with Curtis. 10.35 Clapperboard. 11.00 Logan's Run. 1.20 pm North News. 6.30 North News. 6.40 Flair. 10.30 The Export Scotch. 11.00 The Friday Late Night Film: "Cage Without a Key." 12.25 am North Headlines and Road Report. 12.30 Reflections.

GRANADA

9.30 am The Challenging Sea. 9.50 Tarzan. 10.35 Clapperboard. 11.00 Sesame Street. 1.20 pm Granada Reports. 6.30 Granada Reports. 10.30 Soap. 11.00 A Real Fire. 12.00 The Continental: "Shock Treatment."

HTV

9.55 am Survival. 10.20 Animated Classics. 11.00 Sesame Street. 1.20 pm Report West Headlines. 6.30 Report West. 10.28 HTV News. 10.35 The Good Neighbour Show. 11.05 Chopper Squad.

HTV Cymru/Wales—As HTV West/HTV General Service except:—11.55 am-12.10 pm Cei Cocos. 1.20 Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 6.30 Y Dydd. 6.45-7.00 Report Wales. 10.35 Preview. 11.05-12.00 Afghan Exodus.

SCOTTISH

9.30 am Catch '79. 10.00 Horses in Our Blood. 10.25 Collecting With Curtis. 10.40 Clapperboard. 11.00 Charlie's Angels. 11.50 Cartoon Time. 1.20 pm News and Road and Weather. 6.30 Scotland Today News and High Summer Extra. 10.30 Day Return. 11.00 Late Call. 11.05 Late Night Movie: "Revenge" starring Joan Collins and James Booth.

SOUTHERN

9.30 am The Wild, Wild World of *Animals.* 9.55 *Chopper Squad.* 10.35 Clapperboard. 11.05 The Mackenzie Affair. 1.20 pm Southern News and Weather. 6.30 Scene South East (South East Area only). 10.35 First Edition. 11.05 Best Sellers.

TYNE TEES

9.20 am The Good Word followed by North East News. 9.30 Hands. 9.55 Chopper Squad. 10.40 Clapperboard. 11.05 Survival Special. 1.20 pm North East News and Lookaround. 6.30 Northern Life. 10.30 Speedway. 11.00 Film Of The Week: "Bandolero!" starring James Stewart. 12.30 am Epilogue.

ULSTER

9.30 am Catch '79. 10.00 Horses In Our Blood. 10.25 Collecting With Curtis. 10.40 Clapperboard. 11.00 Sesame Street. 1.20 pm Lunchtime. 2.28 Ulster News Headlines. 6.30 Ulster Television News and Sport. 10.29 Ulster Weather. 10.30 Witness. 10.35 Friday Film: "Madame Sin," starring Bette Davies, Robert Wagner and Denholm Elliott. 12.20 am Bedtime.

WESTWARD

9.30 am Catch '79. 10.00 Horses In Our Blood. 10.25 Animal Homes. 10.35 Clapperboard. 11.05 Cooking With Tovey. 11.15 The Beatles. 11.40 The Poetry of Landscape. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.30 Westward Diary. 10.32 Westward Late News. 10.36 Talk Of The Town (Launceston). 11.05 TV Movie Premiere: "Cotter" starring Don Murray and Carol Lynley. 12.40 am Faith For Life. 12.45 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am World We Live In. 9.55 The Nature Of Things. 10.45 Spiderman. 11.05 Chopper Squad. 11.55 The Bubblies. 1.20 pm Calendar News. 6.30 Calendar. 10.30 Soap. 11.00 Appointment With Fear: "Frankenstein Must Be Destroyed" starring Peter Cushing.

RADIO 1

(s) Stereophonic Broadcast
‡ Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Paul Burnett with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Peter Powell. 2.00 Andy Peebles. 4.31 Richard Skinner. 5.30 Newsbeat. 5.45 *Roundtable.* 7.30 Anne Nightingale. 9.50 Newsbeat. 10.00 The Friday Rock Show (s). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (s). 7.32 Terry Wogan (s). 10.08 Jimmy Young (s). 12.08 pm David Hamilton (s). 3.03 Olympics '80 with John Dunn, plus Racing from Goodwood. 7.02 Much More Music (s). 8.02 Radio 2 Ballroom (s). 8.45 Friday Night is Music Night (s). 9.55 Sports Desk. 10.02 The Grumbleweeds. 10.30 The Organist Entertains. 11.02 *Olympic Sports Desk.* 11.15 Peter Clayton with Round Midnight, including 12.00 News. 2.02-5.00 am You And The Night And The Music (s).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (s). 8.00 News. 8.05 Morning Concert (s). *8.55 Clare's* Country Characters. 9.00 News. 9.05 This Week's Composer: Boccherini (s). 9.45 English Part-Songs (s). 10.30 Music for Guitar (s). 11.00 St. David's Music Week recital, part 1 (s). 11.45-11.55 Interval Reading. 11.55 Recital, part 2 (s). 12.25 pm Midday Concert, part 1 (s). 1.00 News. 1.05 Midday [illegible] part 2 (s). 2.00 "Wiener Blut," operetta by Johann Strauss (s). 3.45 Paul Crossley, piano recital (s), including 4.20-4.25 Interval Reading. 4.55 News. 5.00 Mainly For Pleasure (s) († and mono only from 6.20). 7.00 One Pair of Ears. 7.15 Theatre Street (autobiography of Tamara Karsavina). 7.30 Concert, part 1 (s). 8.20 Poetry Now. 8.40 Concert, part 2 (s). 9.40 Byrd's Gradualia (s). 11.00 News. 11.05-11.15 Mendelssohn.

VHF only—Open University—6.00-7.00 am and 6.20-7.00 pm and for students in Radio Scotland and Radio Cymru areas only: 12.00-1.00 am.

RADIO 4

6.00 am *News Briefing.* 6.10 *Farming* Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the day. 8.35 Yesterday in Parliament. 8.59 Continental Travel. 9.00 News. 9.05 Desert Island Discs. 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service (s). 10.45 Story Time. 11.00 News. 11.05 Real Evidence (investigation into the prescribing and production of drugs). 11.50 The Lighter Side of Life. 12.00 News. 12.02 pm Your and Yours. 12.27 *The Year in Question.* 12.55 *Weather;* programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour from Recro 80 *Leisure* Festival in Warwickshire. 3.00 News. 3.02 Listen with Mother. 3.15 Afternoon Theatre. 4.10 How Does Your Garden Grow? 4.40 Preview. 4.45 Short Story. 5.00 [illegible] News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the week (s). 8.10 Profile. 8.30 Key Figures (s). 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Injury Time (s). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Miles Kington. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

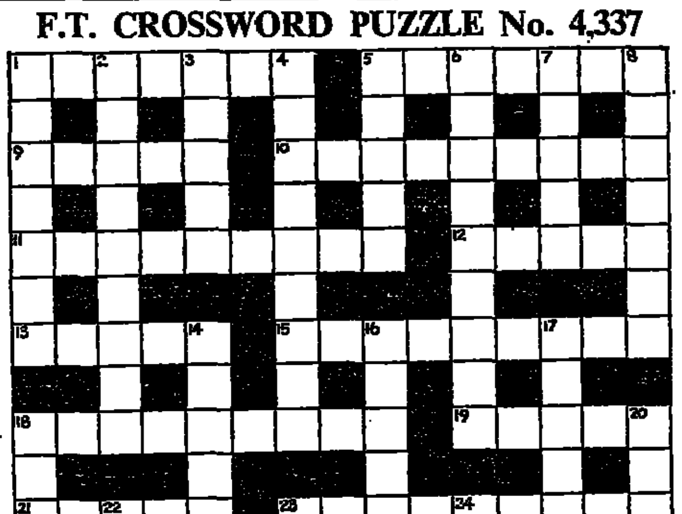
London Broadcasting

6.00 am AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes presented by Vivian White. 12.00 LBC Reports. 8.00 pm After Eight—Richard Robbins. 9.00 Mike Dickin—Nightline. 12.00. LBC Reports Midnight. 12.30 am Decision Makers. 1.00 Night Extra. 4.00 London Rules. 4.30 City Week. 5.00 Morning Music.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 *Michael Aspel* (S). 12.00 Graham Dene (S). 1.00 pm London Today First Report (S). 1.10 Graham Dene continued. 3.00 John Sachs (S). 7.00 London Today (S). 7.30 Party Pieces (S). 7.45 Sarah Ward's Open Line (S). 9.00 Nicky Horne's "Chains" (S). 11.00 The Late Show with Simon Booker (S). 2.00 am Phil Allen's Night Flight (S)

F.T. CROSSWORD PUZZLE No. 4,337



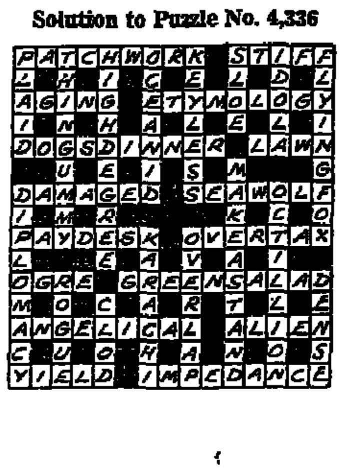
ACROSS

1 Smoke making stopper wrinkle (4, 3)
5 Accountant backing part of *United Kingdom* used as a precedent (4, 3)
9 Winning ways of cleaner Frenchman (5)
10 Hairy adornment of border area poet (4-5)
11 *Amateur ripped up road in* Bury (3, 2, 4)
12 Utterly defeat returning daughter inside royal house (5)
13 Doctor takes on boring bit *of slow speech* (5)
15 United as well as everybody (3, 3, 3)
18 Showman in attendance on the Queen Elizabeth (9)
19 Destroy poem after some *hesitation* (5)
21 Material made in SW France (5)
23 Cake setting European record (5, 4)
25 Agree to maltreat strange noise (9)
26 Reactionary aircraft (5)
27 12 is in time (7)
28 No proper respect shown to royal staff (7)

DOWN

1 Curled up bird took the initiative (7)
2 Money forced off the peg (5, 4)
3 *Note* politician ought to find speed (5)
4 Left when qualified (6, 3)
5 Kennedy account upset trainee (5)
6 Inferior position in reality (9)
7 Sensational cover with which ancient city is enclosed (5)
8 Walter's turned out to be a good-for-nothing (7)
14 Peer in Belgium at sovereign (5, 4)
16 Arrival in advance of noble individual on loch (9)
17 He's sorry to be defence spokesman (9)
18 Throw fashionable set to work (5, 2)
20 See pill distort figure (7)
22 The French have right to leave slow movement (5)
23 Quiet unit New York finds brilliant (5)
24 Point accomplished with fur (5)

Solution to Puzzle No. 4,336



THE ARTS

Cinema

Mega-dollar and mega-decibel

by NIGEL ANDREWS

Can't Stop the Music (A)
ABC Shaftesbury Avenue
Little Miss Marker (U) Plaza
Francesco Rosi ICA
Robert Siodmak
National Film Theatre

How do you get a rock group together? How do you build their reputation and their fortune? How do you help them climb the charts and slay the pop-fans with their seismic songs? And then how do you make a film about them?

Can't Stop The Music answers all these questions except the last. The Village People are the real-life stars of this mega-dollar mega-decibel musical backed by our very own EMI. This sturdy sextet of Transatlantic carollers, who stole the Promethean fire of success with songs like *YMCA*, hail from New York's Greenwich Village, which this film would have you believe is a sort of madcap version of Puccini's Parisian *Boheme*. Everywhere you walk you may find a budding artist or songster, and the Beautiful People zoom around with unquenchable *joie de vivre* and loudness saying "fantastic!" or "sensational!" or "far out."

Valerie Perrine and Steve Gutenberg are the flat-sharing, quip-swapping manager-composer duo who throw a *lasagne* party in the back garden to ensnare likely singers and instrumentalists. They dutifully roll up, the un-nucleated members of the Village-People-to-be, from the young man capering gaily in Red Indian costume to the macho toll-bridge attendant, all-in-leather, who leaps on to a piano and sings *Danny Boy* (taking a sip of Coke for the high note on "there"). Someone thinks up the name—"Village People!" Everyone rapturously screams "that's fantastic," and the group is baptised bouncily.

If you have not been blown away thus far by the film's gale-force glee, there soon unfurl arch-comic subplots involving, first, Valerie Perrine's record-tycoon ex-lover (Paul Sand) who will offer fame for the V.P. in return for *amour* with Miss V.P., and secondly, Tammy Grimes as a slinky-supercilious model agent who is out to recapture ex-model Miss Perrine but who gets side-tracked into bankrolling the group's first concert.

The film's director is Nancy Walker, an ex-light-comedy actress whom you may remember as Yetta the deaf-mute maid in *Murder By Death*. She is obviously making up for sonic deprivations incurred in that movie with this movie. The soundtrack throughout is scored for three thunderstorms and an *avalanche*. *The onstage grand* finale makes the ears crackle like mortar fire as the group belt out the title-song *ad infinitum*. There is a big disco scene earlier where the battle between the spoken word and the music offers the cinema's version of a *fortissimo* slog-out between Joan Sutherland and the Royal Opera Orchestra. "They're *so happy*," screams Steve Guttenberg as the dancing inmates cavort around him. "They've forgoten everything that gets them down." By the end of *Can't Stop The Music* you've forgotten every reason you came into the cinema.

Getting in trim in the musical YMCA.

★

Walter Matthau, mankind's answer to Daffy Duck, quacks and slurs his way with magnificent moroseness through *Little Miss Marker*. He's the main reason, indeed the only, for seeing this *milquetoast* movie version of Damon Runyon's story about a sour New York bookie (that's Matthau) and his entanglement with a six-year-old girl. Saddled with the tiny tot when her father dies—who left her behind as an IOU for a racing bet—Matthau instantly moves into top misanthropic gear, balefully giving the girl room-and-board in his own flat and schlumping her around with him when he goes to the race-track or the baronial gambling-joint that he runs with gangster *Tony Curtis and rich* widow Julie Andrews.

Writer-director Walter Bernstein, who gave us anti-McCarthyism with tears in *The Front*, goes a fair way here toward marinating Runyon in maudlinness. The girl's crescendo-ing tweeness and Julie Andrews's *burgeoning marriage designs* on Matthau — plus maternal *obillades* at the tot — catch Matthau in a pincer movement of pathos that only he, the screen's greatest sour-apple, could have eluded, as here, virtually unscathed.

This flat-footed platypus with galumphing jowls delivers every line with a sideways slur and snap, a withering don't-bug-me glance and a rubbery hitch of those engulfing wrinkles round the jaw. The Matthau walk is almost as low-to-the-floor as the Groucho, but *it's not, like that* comic's, a mad-eyed hunter's prowl through imaginary tall grass, rather the bent, bleary, baggy-trousered waddle of a loser whom life can no longer hurt and clothes no longer save. Matthau's treasure-trove of comic tics and slurring sarcasm *is on display at the Plaza now*, fighting a lone and gallant battle to save *Little Miss Marker* from becoming *Little Miss Mawkish*. Catch him while you can.

★

The ICA cinema offers you, in the coming fortnight, a snaking tour through the corridors of Italian power politics in a season devoted to Francesco Rosi's films. Rosi's dynamic dossiers on post-war political *causes célèbres — Salvatore Giuliano, The Mattei Affair, Illustrious Corpses*—are conspiracy-theory cinema at its most intricate and demonic. You may question the Italian director's sometimes sweeping equation of power with corruption, or the loonier *cul-de-sacs* of tendentious alarmism he charges down while pursuing the spectre of tyranny. But Rosi's time-chopping, provocative editing, like a pamphleteering Nicolas Roeg, is one of the glories of modern cinema and a paradigm of his own dictum that movies should be a "chain of questions. For a cinema of certainties contributes nothing."

The ICA season includes all the films above-named, plus *Lucky Luciano, Hands Over The City, Moment of Truth* and a rarely seen commercial venture called *Cinderella—Italian Style* starring Sophia Loren andOmar Sharif. I recommend a visit, *and if you're taking your piggy*-bank with you why not dip into it for the ICA's appeal fund? Planning to turn their one uncomfortable movie auditorium of the present into two well-equipped theatres with video and film facilities, they are now seeking £40,000 to tadd to the £80,000 *already proffered by the* GLC and the British Film Institute. As one of the liveliest repertory cinemas in London, the ICA deserves every penny for architectural improvements it can get.

★

At the National Film Theatre, German-born Hollywood director Robert Siodmak currently holds sway. Siodmak forged that memorable, shadow-*strewn chiller The Spiral Staircase*, and his brooding Teutonic flair is seen to advantage in films like *The Killers* and *Cry of the City*. The NFT season features movies from his early German and French periods, as well as his American. Sample all three: and spare an evening for *Cobra Woman* in which Maria Montez tackles serpents, Sabu and lunatic dialogue as if for pre-lapsarian Hollywood High Camp there were no tomorrow. Which, on reflection, perhaps there wasn't.

Riverside Studios

Black man's Burden

Fourt-year-old Melvita, beautifully played by Decima Francis, becomes pregnant after riding to church in a truck with a *local wide boy. This is in* Jamaica, where she stays with her grandmother. To keep her shame concealed, she is sent to England to join her mother, now living with a respectable Jamaican in London; but before she goes on, she is visited by three angels whose voices tell her that *her child will be the* prophet the world is waiting for, and she is to call him the Shining One.

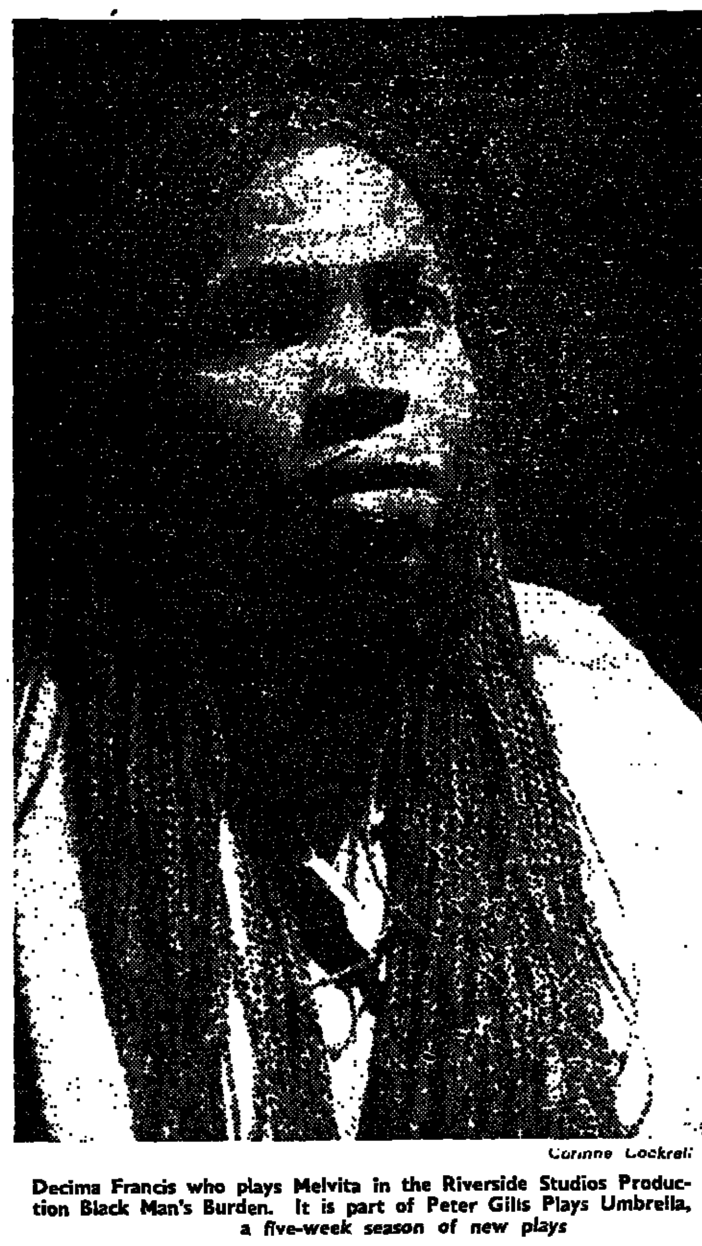
So instead of settling down in *her London home*, she goes about preaching until at last her stepfather has to call in an alienist, who explains that what Melvita has is a quite normal psychosis. She must have an abortion and remain in a mental hospital until she recovers.

Michael O'Neill and Jeremy *Seabrook, the authors of this* moving little anecdote, have, as far as my ear may be trusted, reproduced the Jamaican patois neatly; but this play doesn't really belong with the others of the series, for unless there is an analogy that I haven't observed, it only concerns the situation of the blacks in a white society because the authors have chosen to set it in a Jamaican context. The title is really quite misleading.

Still, one can't go through life looking for hidden morals, and the tale as it stands contains morals enough. It is ably written, and beautifully acted, *with keen performances* by Yvonne Ali, Rudolf Walker, Corinne Skinner Carter, Brian Bovell an Beverley Martin (as Melvita's two Cockney half-siblings) and others.

John Burgess, the director, has coped well with the authors' short-winded style, which suggests a radio script. But Alison Chitty's background of miscellaneous sketches looks like something that just happened to be around.

B. A. YOUNG



Corinne Cockrell

Decima Francis who plays Melvita in the Riverside Studios Production Black Man's Burden. It is part of Peter Gills Plays Umbrella, a five-week season of new plays

★

Riverside Studios, Hammersmith, will host a conference on the moral, practical and artistic issues involved in play translation on Sunday, September 7, from 10 am to 6 pm.

Areas for discussion will include: *the responsibilities in*volved in play translation; the need for adaptation and the differences from ordinary literary translation and common types of play translation.

Contributors include playwrights, theatre directors, theatrical and academic translators, play adaptors, theatrical agents, theatre administrators, critics, actors and representatives from some of the professional bodies involved as well as foreign cultural missions.

Old-Vic

I Have Been Here Before

by MICHAEL COVENEY

J. B. Priestley's Time plays, of which *I Have Been Here Before* (1937) was the first, arose out of the author's enthusiasm *for the theories of* Ouspensky, a sage even less fashionable nowadays than Gurdjieff. The idea was to use notions of simultaneous existence in order to create a novel theatrical tingle. Reincarnation comes into it, too, not in the Buddhist sense, but in the sense of each of us recreating *our* identity in different time planes. Priestley suggests, in the character of the mysterious German mathematician, Dr. Gortler, that the human spirit is capable of intervening in the preordained plan and, by acts of humanity and benevolence, of improving the general store of human happiness.

Whether or not one believes this to be so much metaphysical hogwash would be irrelevant to the success of the play if it had survived across the years as drama. But the characters are so stilted and two-dimensional, the narrative progress so unconvincing, that one is left to conclude that, yes, this is just so much metaphysical hogwash. We have all experienced the phenomenon of *déjà vu*, have all had actual experience prefigured in our dreams. But the schematic application of that *sort of experience to* events around us, let alone our destinies, strikes me as a pointless occupation.

The scene is a North Yorkshire inn where Gortler presides over the Ormunds' broken marriage; a teacher recovering from a nervous break-down; and the down-to-earth *father* and daughter team who run the place. By the end of the first Act, all are shown to be interdependent. The teacher is employed thanks to Ormund, a governor of the school and wealthy businessman. The publican has shares in Ormund's business, and *his grandson* is a pupil at the school.

Mrs. Ormund (played with just the right amount of vulnerability by Jennifer Hilary) registers a shiver of recognition on entering the sitting-room. Her husband is immunizing himself against the world by work and alcohol. The teacher is drawn inexorably to Mrs. Ormund, while the publican's daughter has her own domestic tale of woe. Ormund keeps a gun in his car. Dr. Gortler has been driven from his homeland and university, has lost his wife, but retained a love of knowledge and some sort of faith.

What results is not so much a thriller as a completely arbitrary manipulation of the characters both by the playwright and *the whimsical* Gortler. On a diet of food and narcotics, he has dreamed of this inn and the imminent tragedies it contains. By a process of wilful *intervention*, he sets everyone on the right track, saving them from their respective fates.

George Pravda plays this typical Priestley know-all with a suitable mittel-European flourish, but begins to gabble rather desperately towards the end. In fact, the overriding feature of Tony Craven's production for the Horseshoe Theatre Company, on a visit from Basingstoke, is its breakneck speed. Gortler's notebook is not produced until the final act, which rather reduces the impact of the conclusion (the stage directions specify that he should be seen consulting it from the outset). And John Castle is seriously miscast in the Wilfrid Lawson part of the drunken businessman. When Mr. Castle breaks his pen at the end of Act 1 you could be forgiven for thinking he had merely cracked his knees: the gesture is not isolated sufficiently to make its point. Keith Drinkel's teacher has a curiously *contemporary manner, but then* he is probably inhabiting a later life and has just managed a brief break from Holland Park Comprehensive.

Leonard Burt

Jennifer Hilary and John Castle

New producers to direct Scottish Opera

Two new producers have been contracted to direct *Wozzeck* and *La Traviata* in the Scottish Opera's forthcoming season.

David Alden, the distinguished young American producer will stage *Wozzeck*, one of the Scottish Opera's productions at the 1980 Edinburgh International Festival. Mr. Alden, returns to Scottish Opera following his highly innovative production of *Rigoletto*. *Wozzeck* opens at the Edinburgh Festival with performances August 28 and 30. The production then tours to Newcastle September 10, 12 and opens the 1980-81 Theatre Royal Glasgow subscription season on September 17.

The production team for *La Traviata* will be headed by David William making his Scottish Opera debut. His recent productions have included the American premiere of Peter Barnes' *The Ruling Class* and the world premiere of Taverner's *Therese* at the Royal Opera House Covent Garden. The new production of *La Traviata* will be staged to designs by Michael Annals (sets), and Alex Reid (costumes).

★ ★ ★

New Beckett work for Cottesloe

Company, Samuel Beckett's latest novel, is to be premiered as a stage-reading in a platform performance on September 1 in the *Cottesloe* Theatre (all tickets £1).

Nicky Henson and Stephen Moore are in the cast and the production is directed by John Russell Brown.

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Providing the needed skills

SINCE THE EARLY 1960s, as Britain's poor industrial performance compared with other countries became increasingly apparent, there have been numerous attempts to improve the supply side of the economy. This has involved the intervention of government in activities which had previously been regarded as the preserve of companies and industries. One such intervention was in the field of training, where it was felt that the unco-ordinated actions of individual employers could not be relied upon to deal with the persistent problem of skill shortages.

Complaints

The Industrial Training Act of 1964 set up training boards through which the Government hoped to influence the quality and quantity of training in industry; the Act was modified in 1973, when the Manpower Services Commission was created to supervise the work of the training boards. Yet in spite of the size of the training bureaucracy which was set up, and the considerable effort devoted to it by employers, trade unionists and government officials, there continue to be serious complaints about skill shortages and the failure of the training system to respond adequately to industry's changing needs.

These complaints are analysed in a full-scale review of the 1973 Act which was published yesterday by the Manpower Services Commission. The conclusion is that although the boards have made a useful contribution, little progress has been achieved in securing fundamental reforms of training. The ability of the MSC to communicate its objectives to the training boards and get them implemented—in such matters as the reform of the apprenticeship system or vocational preparation for young people—has been extremely limited. Attempts to set standards and to ensure that training programmes are appropriate in content and in length have been unsuccessful. This has been partly due to the different perceptions of the MSC, which is looking at the economy as a whole, and of the boards, which are more parochial in outlook and are often inhibited by traditional attitudes towards, for example, craft apprenticeship.

Under present arrangements the boards' operating costs are funded by the MSC; this involves detailed scrutiny of the boards' activities to ensure that the money is well spent. One of the main recommendations of the review—opopsed by the CBI—is that the costs should be borne by the industries on whose behalf the boards are working; the MSC would provide supplementary funds where a board was being asked to provide additional training in support of national objectives. The authors of the review believe that the change in funding arrangements would enhance the boards' accountability to their industries and permit the MSC to concentrate on its national responsibilities.

This change may be desirable for its own sake, but it is not clear how it would solve the underlying weaknesses in the training system. There is real doubt about the ability of the training boards, however they are funded, to deal with these weaknesses. As the Central Policy Review Staff pointed out in its recent report on education and training, the boards spend much of their time monitoring the amount and type of training provided by employers; there needs to be a change of emphasis "to a type of body which will both encourage reform of existing schemes and promote innovation in those areas which are neglected at the moment."

Investment

It is difficult to see how the necessary reforms can be implemented without the Government, as the CPRS report put it, giving "a more effective steer" to the training system. The Government needs some instrument through which to influence the training that is done by employers. Yet in practice the amount of leverage that can be exerted through the training boards in their present form is small. The boards, representing the established interests of employers and trade unions, cannot miraculously be transformed into catalytic agents for change.

The MSC is right to see the 1980s as a decade of structural and technological change which will radically alter the nature of many jobs; opportunities for the unskilled will diminish. It is, of course, employers who are primarily responsible for adapting to these changes. But the arguments which led the Government to intervene in 1964 remain valid. The right framework for intervention has still to be devised.

The claim on Jerusalem

IT WAS a foregone conclusion that Israel's parliament would on Wednesday night pass a law declaring Jerusalem the "complete and united . . . capital, seat of the President, the Knesset, the Government and the Supreme Court." Jerusalem is, understandably, such an emotional, religious and political issue for Israelis that this legislation was bound to be accepted. In addition, it may be said that it changes little on the ground. Since the capture of the Old City, and its annexation by Israeli law within three weeks, Israel has in effect treated what it calls "Jerusalem municipality" according to that description in the Bill of Mrs. Geula Cohen, an ultra-nationalist member of the Knesset.

Reluctant though Israel is to accept this, within the context of the past 13 years of occupation of Arab territory, its treatment of Jerusalem has flown in the face of Geneva Conventions and numerous resolutions by both the Security Council and General Assembly of the UN. It has always been implied that East Jerusalem was not up for negotiation, but Wednesday's Bill now makes this explicit. This is extremely embarrassing both to the U.S. and Egypt, which is still pondering its response, even though Israel's laws support free access to holy shrines for the members of the Jewish, Christian and Moslem faiths.

Egypt

Egypt hopes for the re-election of President Jimmy Carter and this means continuing to participate in the sterile talks with Israel on Palestinian autonomy in the West Bank and Gaza Strip. Egypt is already isolated in the Arab world. For it to continue the autonomy talks after the Jerusalem bill makes it even harder for such states as Saudi Arabia or Jordan to be coaxed into quiet support of the peace process.

It has been a steadfast aim of Mr. Begin's government since he came unexpectedly to power in June, 1977, that there should be full access for Jews to the historical land of Israel. When there is eventually a settlement, this principle should be maintained. But by pressing this point ahead of time, outcries have been caused over the issue of settlements on the West Bank. Relations with Palestinians there have deteriorated sharply. The Jerusalem bill only emphasises a lack of sensitivity towards these issues, as they affect the area as a whole, and in a way which makes it increasingly questionable whether Mr. Begin's government is acting in Israel's long-term interests.

In the short term, the U.S., hamstrung by its presidential elections, can do little about the Middle East but attempt to keep the autonomy talks going. It is not an unfair point to make that Israel may be using this interregnum to establish its position. But it may also be leaving out of its calculations the activities of the EEC. Some time ago, the Nine saw the need for an initiative towards the Middle East. At Venice they called for a comprehensive settlement to the Arab-Israel problem (implying that the Camp David processes would have to be supplemented), and that, conditionally, the Palestine Liberation Organisation (PLO) should be involved in negotiations. M. Gaston Thorn, Luxembourg's Foreign Minister, arrived in Israel yesterday as part of the EEC's fact-finding tour of the Middle East.

European

At the most recent General Assembly debate, the EEC countries showed further independence from the U.S., by abstaining on a resolution calling for full Israeli withdrawal from all Arab territory occupied in 1967. The U.S. opposed it. Initially, the U.S. was critical of these European moves, fearing that Israel might be angered into withdrawing from the autonomy talks. Latterly it has come to accept that some diplomatic activity is required. And what the EEC is doing need not be sham for two main reasons.

First, one result might be gradually to acclimatise Israel to the idea that the PLO has to be involved in negotiations if a comprehensive settlement is to be reached. Second, it could be that when either Mr. Carter or Mr. Ronald Reagan are in power, the U.S. will be able to tell Israel forcibly that the atmosphere has changed as a result of EEC activities and that a broader peace-seeking formula will be necessary, involving the PLO.

MORE HELP FOR INDUSTRY ● BY JOHN ELLIOTT, INDUSTRIAL EDITOR

Sir Keith changes tack on aid

THE TOWER blocks of flats which he encouraged local councils to build in the early 1960s are being torn down. The management structure he designed in the early 1970s for the National Health Service is being partially dismantled. Now the sceptics and political opponents of his industrial and economic philosophy are waiting to see whether Sir Keith Joseph, at the start of the 1980s, will preside over the gradual disintegration of the policies with which he entered office as Industry Secretary a little over a year ago.

Already in the public sector he has had to step back from the stern financial guidelines which he tried to force on to industries such as steel and shipbuilding.

Now he and his fellow Ministers are also having to accept that the private sector may need more selective aid during the recession, and the Prime Minister was driven earlier this week to speak proudly in the Commons of £6m support awarded to Dunlop.

It would have been unthinkable a year ago that Mrs. Thatcher would cite this support for a somewhat troubled tyre company, together with £25m aid for the controversial Inmos micro-chip project, to help her through a Commons debate on unemployment.

The Government came into office bound by Sir Keith's philosophies of non-intervention in industry, policies which would have the twin virtues of both cutting public expenditure and forcing industry to stand entrepreneurially on its own feet.

It was accepted that some troubled nationalised industries should have support for just a year while they made themselves profitable, and it was also accepted that some private sector aid would have to continue till the economy improved. But there was no thought that Ministers would speak proudly about what was being handed out.

Stiff targets were set for the *nationalised industries, regional* aid was maintained but in a reduced form (some of the cuts come into force today), selective aid in the area of micro-electronics was also reluctantly kept in being, as was aid to attract foreign industrial investors into the UK; but almost all the rest of State aid was shunned and allowed to die away.

The first major indication that this stern approach was beginning to crumble came a month ago when Sir Keith had to accept that he could not force the British Steel Corporation into either immediate profitability or liquidation. He agreed to shoulder unspecified losses in the current year, then guessed at as being around £400m, and has this week had to face up to the £545m loss for 1979-80, £100m more than he had hoped for.

The Government has similarly backed down on the Belfast *shipyard of Harland and Wolff*, promising at least £66.5m over two years, and yesterday it indicated that it also accepts that British Shipbuilders will need fresh aid to survive the coming year. Pressures are also building up in other nationalised industries.

Sir Keith, it should be emphasised, does not accept that these changes of tack amount to a "U-turn." "There has only been a delay in meeting the targets. The objective has not been changed," he declared.

Now attention is turning to the private sector. Ministers have been becoming increasingly concerned about companies cutting back on research and development work and on investment during the recession. They are also receiving calls for aid from industries such as foundries and paper-makers.

This week's CBI quarterly trends survey showed that the decline in industrial activity will worsen during the next four months and that investment in manufacturing industry next year may drop by approaching 10 per cent. An early cut in MLR will not have any significant impact on the slide into recession during the autumn according to CBI leaders, and pressure is building up for liquidity problems to be eased *by a reduction in the national* insurance surcharge.

But Ministers realise that more may need to be done, and Industry Department civil servants are preparing contingency plans to help boost research and development and, maybe, investment.

Sir Keith says he is less concerned about investment than research. He insists that he is more interested in "the use than the level" of industrial investment. "I do not take tragically a dip in investment if it is part of the price we pay for obtaining stable prospects," he told me earlier this week, just before the CBI forecast was published.

But he is becoming more converted to the need for State selective aid in industry, especially in areas of high technology where he is positively pleased by the help *which, for example, the Government* is giving by sanctioning the National Enterprise Board's £12m bio-technology venture.

GROSS EXPENDITURE ON R AND D 1975*

	$bn	% of GDP
U.S.	36.7	2.4
Japan	10.0	2.0
Germany	9.3	2.2
France	6.1	1.8
UK	4.7	2.1
Canada	1.9	1.1
Italy	1.8	1.0
Netherlands	1.8	2.1

* More recent figures now being finalised indicate that in most countries the proportion of GDP allocated to research and development dropped below the 1975 figures by between 0.1 to 0.2 per cent in 1977-78.

Source: OECD Science Resources Newsletter. Spring, 1979.

"I do hope you've noticed what they're doing. It's rather exciting from my point of view and it's just what Sir Arthur Knight (NEB chairman) and I have in mind for the Board's catalytic role," he says.

The first positive signs of his change of mood came nearly two months ago when the *National Economic Development* Council debated the role of State aid to encourage industry to adjust to structural change—"adjustment policies" as they are known in Whitehall. This debate took place against a background of growing concern in some quarters about the amount of aid being pumped into industry by other "free enterprise" countries such as the U.S. and Germany.

Sir Keith himself has been amazed by the degree of this support and his senior civil servants recount with delight a conversation he recently had with Dr. Volker Hauff, the German Minister of Research and Technology. Sir Keith asked incredulously why such a country's Government should intervene in industry and attempt to pick winners. "Because it works" was the precise reply.

The Neddy council meeting was presented by its officials with details of foreign industrial aid and was told for example that German industry receives at least four times as much financial support from its Government for research and development as is provided in Britain.

Experts rarely agree on such international comparisons, and the Industry Department points to OECD figures (see small table) to show that the difference is not so great. Nevertheless, the importance of the issue prompted Sir Keith to parade a list of all the different sorts of aid provided in the UK and also to make some significant remarks in a background policy paper.

He acknowledged that the Government had "a role in promoting awareness and adoption of important new technologies such as micro-electronics, particularly where other Governments are also giving support to their industries." He also tempered his basic faith in individual entrepreneurs by saying that problems of predicting and recouping benefits from research meant that the private investor, "left to himself, is likely to under-invest in state-of-the-art research from the point of view of society in general."

He also extended the period for which he believes State aid may be needed: "When competitiveness and the real level of profitability are improved, there may still rest upon the Government responsibility to help, through public purchasing, and support for research, and the introduction of new technologies."

He explains his main interest in subsidising industrial research by saying: "I'm not one who struggles to remain totally immobile. I've always perceived that within research there is a spectrum from 100 per cent public good to 100 per cent private good. It is a legitimate burden on the taxpayer to "support public good" research and it is not right for the taxpayer to subsidise the wholly 'private goods.' Between the two ends of this spectrum there is of course a grey area."

Interpreted, this means that it is wrong to subsidise research of benfit to one company alone, but that it is right when the benefits are more widespread. The Industry Department's Requirement Boards for example, which spend some £55m on basic industrial research, are regarded as almost wholly "public good." In the "grey area" fall various sorts of selective aid, as well as the NEB's catalytic role on bio-technology and, maybe, even its Inmos micro-chip venture.

From this it is not hard to deduce which sorts of industrial support are most likely to appeal to Sir Keith.

First there is research and development in individual companies, mainly funded through the Department's Product and Process Development Scheme. Thise is an open-ended schame launched in 1977 under the 1965 Science and Technology Act to merge a number of different aid arrangements stemming from the mid-1960s.

It is far less controversial politically that the counter-cyclical schemes introduced under the 1972 Industry Act by the last Government for individual sectors of industry, and is now given about £28m a year to spend encouraging companies to develop and use new products. Since 1977 it has awarded £51.5m to 395 projects costing £168m and, judging by the current rate of applications, will be fully used up this year.

Then there is the £55m Microprocessor Applications Project (MAP), recently given fresh approval by the Government to encourage the use of micro-electronics in industry, and the Microelectronics Industry Support Programme, also with £55m to boost micro chip production.

Sir Keith has refused to set up a special scheme to encourage the development of the fibre optics branch of electronics and the use of robots

It would not be difficult to extend these schemes

in industry (which, he has been told, requires a £250m investment in the next 10 years). But companies operating in these areas have received aid from the Product Scheme and from the MAP.

Sir Keith acknowledges that the pressure on funds in these schemes "is heavy" and that all that has been allocated to them is being claimed in full. It would not be difficult therefore, later in the year, for these schemes to be extended. They could be given more money, or broader terms of reference, or be allowed to increase the size of grants.

In the more specialist area of telecommunications—or information technology as it is now being called—there are also signs that civil servants are preparing an overall policy, maybe including some forms of aid. This will embrace investment by British Telecom, the development of private equipment suppliers, and the work now being started by the Central Policy Review Staff (the Think Tank) on satellite communications and space technology. The Department of Industry is being re-organised to create a new division dealing with this area.

Next there is Sir Keith's own favourite policy—the development of public purchasing.

Some aid may be needed here to subsidise nationalised industries and other public agencies which place development contracts with companies, or which provide a "shop window" for highly specialised equipment by buying it and displaying it in use.

But, at a time when he is in the thick of the row about whether ICL or a foreign company (probably IBM) should be given the Inland Revenue's £150m computer order, he is more interested in gaining "understanding rather than aid" from the Treasury which is usually more concerned about obtaining short-term value for money than about subscribing to the longer-term good of a specific company or product.

Finally, Sir Keith may well be urged to do something to encourage general investment in industry. One way to do this would be to extend existing arrangements, which stem from the last Government's Accelerated Projects Scheme and Selective Investment Scheme, and which are aimed at subsidising companies which bring forward or enlarge capital investment.

So, in various ways, Sir Keith is being tempted away from his pure non-interventionist stance by the practical problems of the recession and international competition. He is not budging from his basic economic beliefs, even though he acknowledges that the present situation "must be a nightmare for many firms." *But, by being persuaded that* there are cases where State aid should be used to soften the horrors of the nightmare, he is standing on the threshold of developing a positive industrial policy, something he said he saw no need for a year ago.

DEPARTMENT OF INDUSTRY AID

	£m at 1979 survey prices 1977-78	1978-79	1979-80	1980-81
Regional Development Grants	413	406	304	337
Provision of land and buildings	19	24	23	21
Selective assistance to industry in assisted areas	25	68	43	24
Other regional support	−3	−1	−4	—
Selective assistance to individual industries, firms and undertakings	54	243	83	79
NEB funding	404	54	343*	278
Scientific and technological assistance	109	105	122	142
Support for aerospace, shipbuilding and steel	6	172	202	191
Totals	1015	1064	1116	1072

* This is a gross figure. The control figure is £212m after taking into account premature loan repayments.

Source: DoI

MEN AND MATTERS

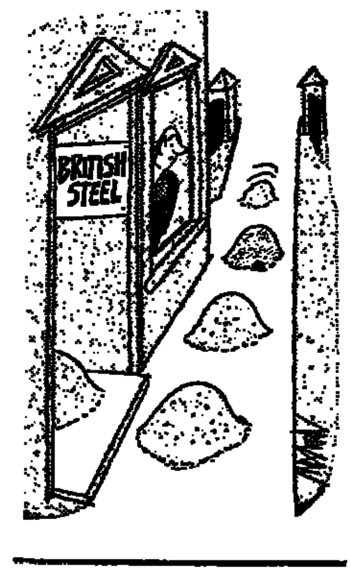
Second refusal

Sir Keith Joseph is not having much luck with the steadfast chairman of STC, Sir Kenneth Corfield. Twice he has tried to lure him into the upper echelons of Great Britain Incorporated, and twice he has been turned down.

First came the offer of the job now filled by Ian MacGregor at British Steel. And when that was refused Sir Keith persisted with a slot which he no doubt considered better tailored to the expertise of Sir Kenneth—the chair at British Telecom—which has been taken by George Jefferson, British Aerospace's anti-aircraft and guided missile supremo.

"It was very, very nicely offered," Sir Keith told me from Brussels yesterday, "and very firmly and very politely turned down. I do not think I could possibly do more for our industry than I am doing already."

No, he said, he was not at all put off by organisational difficulties at British Telecom, nor did he seem worried about the constant attentions of critical MPs which come with the job. "But if I had been able to accept it, I think I would have made some strong representations on cash limits."



Muddy waters

Since this is, up to a point, a family newspaper; and since the reporting of annual general meetings attracts only what my lawyer calls "qualified privilege," I regrettably draw a veil over some of the more remarkable moments at yesterday's British Dredging shindig.

The meeting was evidently a popular feature in City diaries, to judge from the familiar faces on the 8.15 from Paddington to Cardiff. A showdown between new chairman Fane Vernon and Bryan Clark, who abandoned ship almost a year ago, was confidently anticipated. The interest centred on who would prove the matador, and who the bull.

In the event, it was Vernon who played Clark to a well-judged finish after barely an hour of knockabout fun. The *coup de grace* was administered through an impromptu vote, inspired by a bored shareholder. "Is it generally felt," asked Vernon, "that Mr. Clark has had a fair crack of the whip? All those in favour of no more questions from Mr. Clark." All but four in the standing-room—only hall approved the guillotine motion.

The matters under discussion were profoundly disturbing, given that the speakers were *gentlemen presiding in past and* present times over some £4m of largely other people's money. The conduct of at least one of the parties involved in the sale of Pauls Federated Merchants to a Jersey businessman would seem to have been very shoddy indeed, with shareholders currently some £400,000 out of pocket, and contradictory versions of how such a situation arose presented by Vernon and Clark.

Vernon is determined to wipe the slate clean, and to revive group morale along with profits. But to judge from the antagonisms evident yesterday and the *writ issued* by the company claiming £97,000 from Clark, there may be some way to go.

Enlightening

After a couple of false starts early in his career, Bernard "Bunny" Hager must have felt fated not to achieve his ambition—to avoid all managerial and executive responsibilities. Leaving the army he joined Hoover in South Africa and had the misfortune to be promoted all the way up to top management. He moved to Legal and General, informing his new employers that under no circumstances would he stay if they *made him a manager. Promoted* again, and his dismay compounded by deteriorating conditions in the republic, he left to find success and contentment with Sun Life of Canada's British division.

Top salesman for the company for 1979-80, with "production credits" worth £4m against his name, Hager tells me he has been offered higher rankings, but his resolve has not once softened. "Top producers in life assurance always refuse top office," he says categorically.

The main reason for this apparent lack of ambition is not far to seek. "We have here about 20 or 30 individuals who are earnings much more than *the general manager," he claims.* He himself grosses £100,000 a year from the portfolios he runs as a senior consultant to Sun Life and the extra £1m or so he turns over on his own company account.

He has evidently reached a plateau of happiness rare in the commercial world. Cheerfully paying his taxes, never considering "exile," he is happy with his horses on his Haslemere stud farm, the knowledge that he has a lucrative portfolio to pass to son, and still revels in the "charisma" which sets him and his like apart.

Top assurance salesmen, he *admits, "have qualities which* in one's ordinary life might not be so endearing . . . but they make a room light up when they enter . . . and make the uninsured feel very guilty."

Strong goodbye

As the New Hebrides spreads its independent wings as Vanuata, under the government of Father Walter Lini, I thought it would be an opportune moment to chew the fat with the Phoenix Foundation. While this American organisation hardly courts publicity, it was been widely associated with the struggle for power of *Jimmy Stephens and his Na-Griamel* separatist movement.

So I called the Foundation's Michael Oliver, a real estate developer in Carson City, Nevada.

"Is Mr. Oliver there?"

"I don't want to talk to you, I don't want to talk to your bloody newspaper, and I don't want to talk to your bloody Government and you can all go to hell for selling out a country to the bloody Communists. Goodbye."

Staggered start

Asked why his country seems unable to produce great field *teams the way it produced great* wines, Michel Lourie, the French national sprint coach at the Moscow Olympics, took the question like a man. "Perhaps," he says reasonably, "it is precisely because of our great wines that we do not produce great track teams."

Observer

POLITICS TODAY

New committees take their first stumbling steps

IT IS 4.30 on Monday afternoon. Sir Geoffrey Howe, the Chancellor of the Exchequer, is about to appear before the Select Committee on the Treasury. The atmosphere is unusually tense. Everybody knows that this is a bit of a test case for the House of Commons committee system established by the present Government.

Sir Geoffrey and the Treasury committee have not exactly established a rapport. The Chancellor has more or less accused its members of being unable to see the wood for the trees when it comes to economic policy. There has been a row about the publication of a committee report on cash limits for

It is not without able members though it includes a prize fool

Civil Service pay. Sir Geoffrey says it was published before consultations between himself and the committee were completed, and in any case he only heard about it after it had appeared. The committee says that a copy was lodged with the Treasury two days before publication.

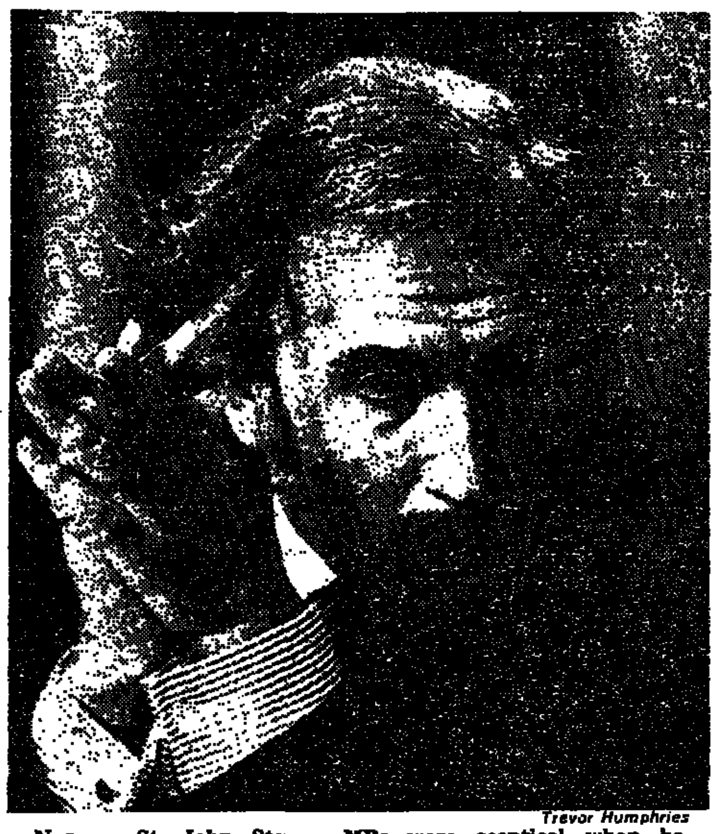
The stage is thus set for a confrontation. Will Sir Geoffrey be sufficiently riled by the committee's questioning for co-operation to break down and with it perhaps the new Select Committee system?

The committee is not without able members, though on the evidence of Monday's performance it also includes one prize fool. The chairman is Mr. Edward du Cann. Tory members include Mr. Terence Higgins, a former Financial Secretary to the Treasury, and Mr. Tim Eggar, one of the brightest of the new MPs. There is a former Labour Financial Secretary too in Mr. Robert Sheldon. Together they are capable of giving the Chancellor a hard time.

In the event, after an acerbic start and some aggressive finger-wagging by Mr. du Cann, it all goes smoothly. Sir Geoffrey gradually gains in self-confidence and acquits himself well. The turning point comes when Dr. Jeremy Bray, one of the Labour member, stumbles over the question of reintermediation, the switching of funds back within the measured money supply. After that, it is the Chancellor all the way. The threat of the first real crisis between a senior Minister and one of the new Select Committee, is over.

Still, it is worth looking a little more closely into Monday's proceedings to see how the Treasury Committee is working. It is inquiring into monetary policy. As Sir Geoffrey remarked, it has already assembled written evidence equivalent to three very long books. He himself has been unable to find time to read it all, let alone analyse it. The evidence from the Bundesbank, due to be published next week, is said to be especially impressive. He would like to discuss it.

What happens when he appears before the committee, however, is that he is bombarded by questions from all sides and on all subjects. Mr. du Cann set the style on Monday when he said that the committee would spend the first half hour on the monetary targets, inflation and unemployment. Indeed practically every aspect of economic policy was meant to be covered in an hour and a half. It is simply not



Trevor Humphries

Norman St. John Stevas: MPs were sceptical when he announced the changes last year.

possible to have a serious discussion within that sort of time limit unless you concentrate on a particular area. The Chancellor was moved mildly to protest that topic after topic comes up of mammoth importance only to be dismissed in a single sentence.

The result on Monday was that it is unlikely that anyone was much the wiser. Nothing was said that could not have been gleaned from Sir Geoffrey's speeches, from Treasury Question Time in the Commons or even from a careful reading of the newspapers. It was not the Chancellor's fault: it is the way that the committee is working and this, it should be said, is one of the better committees.

And yet it was something to have the Chancellor of the Exchequer there at all. The other week there had been the Governor of the Bank of England, not to speak of countless officials and academics who appear to turn up at the drop of a bat: Professor James Tobin from Yale, for example, who was questioned this Tuesday and who advised that the Government needed an incomes policy. Back bench committees of the House of Commons used not to command such eminence.

It is also quite striking that this is happening under a Conservative Government. The Select Committee on Procedure, which recommended the reforms, was set up in 1976 and reported while Mr. Callaghan was still in office. But it was the Tories who accepted them and volunteered that Ministers and their departments would co-operate fully with the committee system.

When Mr. Norman St. John-Stevas, the Leader of the House, announced the changes in June last year, many MPs were quite sceptical. They did not really believe that the Executive would be prepared potentially to surrender so many of its powers to back-bench scrutiny. Yet it is happening.

It is worth going back to Mr. St. John-Stevas's speech at the time. He described the setting up of the Select Committees as constituting possibly "the most important parliamentary reforms of the century," which seemed a bit like rhetoric. But nothing that has occurred since has suggested that the Government could be caught under the Trade Descriptions Act. Ministers and officials do appear. They treat the committees with extraordinary deference. One does not hear very much of information being unreasonably withheld, except perhaps on defence, and if it were, the committees would be quite entitled to make a public fuss about it. The committees can do and say what they like. That is a quite substantial change from the recent past. MPs who are lucky enough to be Select Committee members have a new role to the point where one wonders what they used to do in the past when there were fewer committees to attend.

It is also worth recalling the Government's objectives in creating the new system, at least as stated by Mr. St. John-Stevas. They were "to subject the Executive to limitations and control . . . to redress the balance of power between Whitehall and Westminster . . . and to strengthen the accountability of Ministers to the House of Commons." No one can seriously argue that this sounds only like cosmetic reform.

Moreover, it was specifically said that the changes announced last year were only the first instalment. Now it looks as if Mr. St. John-Stevas will be having something to say about the second instalment in the House of Commons next week. The Procedure Committee is likely to be reappointed in order to recommend further reforms. It is also quite probable that the Government will favour one of the radical recommendations of the old Procedure Committee: namely that all departmental *expenditure estimates should be* referred as a matter of course to the appropriate departmentally-related Select Committee.

That could be the most fundamental change of all. The estimates would cease to go through on the nod and after the event. The House of Commons, through the Select Committees, would have regained control over expenditure.

It is right to remain a bit sceptical. A Prime Minister who declines to have a discussion of the decision to spend £5bn on the new strategic deterrent even in Cabinet seems on the face of it unlikely to divest more power to lowlier committees. As ever, there are contradictory trends. Still, it looks as if, by a deliberate decision at the beginning of this Government, power is moving back to MPs and away from the Executive. It is a decision that would be very difficult to reverse.

There are, of course, snags along the way. Some of the committee members are duds: under present procedure they cannot be removed during the lifetime of the Parliament, unless they resign. That will have to be looked at. The committees have yet to make the best of their opportunities; they are spawning work for officials by demanding unnecessary memoranda. They should realise that it is not just a question of eliciting information like journalists at a press

Nothing has happened to suggest Ministers may be caught under the Trade Description Act

conference. A great deal of information is already available. It is a matter of assembling it, then making a judgment and coming out with a considered public statement before executive decisions are made. There is also the sheer publicity value of an all-party committee attacking the government of the day.

Not the least consequence of the Select Committee system should be a growth of bipartisan politics. If members of different parties look together at the same evidence, they may come to similar conclusions, although they might not agree with the executive. It is the executive which is potentially under challenge.

It used to be said that the test of the Select Committees catching on would be whether an MP would prefer to be a committee chairman rather than a junior Minister or junior spokesman. If the MPs always preferred party office, the committees would be implicitly condemned as second rate. In retrospect, that seems a bit harsh. The committees have a place for ambitious politicians on the way up and ambitious politicians on the way down, which is not a bad mix.

* * *

WHEN Mr. and Mrs. John Biffen went to see *A Short Sharp Shock*, then commended it to their friends in Government, they were generally regarded as eccentric, condemning themselves to three hours of unparalleled austerity or that sort of thing. In fact, the Biffens are right.

The play first commanded atention when it was criticised by Mr. Teddy Taylor, MP, for using Arts Council funds to attack Mrs. Thatcher. It was dismissed by the critics as puerile and in bad taste to boot.

The point about taste seems to me to be irrelevant. It is impossible to have political satire or even political review if there is some wholly arbitrary taste barrier which should not be crossed. Think of Pope and Swift.

That is not to put *A Short Sharp Shock* on anything like such an elevated level. I agree with Mr. Biffen: it could have been sharper. The portrait of Sir Keith Joseph as a mad monk does not seem particularly exaggerated — given theatrical licence—and the odd thing is that Mrs. Thatcher comes out rather well.

The play is now at the Royal Court. It should be enjoyed by anyone interested in politics. Go and see it.

Malcolm Rutherford

Letters to the Editor

Funding the Parties

From Mrs. C. Gillington.

Sir,—Malcom Rutherford's article on the funding of political parties (July 25) is timely and helpful to one beleagured treasurer of a constituency Labour Party.

All constituency Parties of whatever political persuasion have similar financial problems. They must pay for the administrative cost of running the constituency; they must pay for local government and Parliamentary elections; they must raise a subscription of affiliation fee for the Party itself, and they must be ready at any time to pay for a General Election.

As most of the additional money from supporters comes during an Election when it is too late to make use of it for that specific Election, even supposing the additional expenditure was allowable. It would seem prudent to put surplus moneys in to an interest bearing account. All income of this kind however, is taxed at corporation tax rate. A political party is an unincorporated corporation, but is not allowed to set off administrative expenses against tax, which seems the worst of all worlds. It follows that the most advantageous way of raising money is either by gambling activities or from donations.

As the big weight of money comes from either the trades unions for the Labour Party or from business for the Conservatives, "he that pays the piper calls the tune." The trades unions opted to do this by backing likely Parliamentary "winners," the Conservatives with business behind them chose to hoist a sophisticated advertising campaign discrediting the Labour Government. What is so much more needed is long term planning and research, a programme for political Parties.

It would be worth the electorate's while to pay for this service. For example if each political Party were to give concentrated work to improving and straightening out the rag-bag of road traffic laws, which could then be achieved by Parliamentary consensus rather than political confrontation, the work of the courts, the police, and the administrators could be relieved immeasurably, and save a good deal of public annoyance and ill feeling. But Parliament itself is unlikely to do it: there is never enough time for so much detail, and any action may offend one of the big supporters, a union on one hand or an industry on another. Civil servants can only do it if the Government tells them to.

Mrs. Kate Gillington.
Wicks Corner,
Pans Lane,
Devizes, Wilts.

Standing for Parliament

now is the time for all goodwdd

From Mr. P. McKee.

Sir,—In Malcolm Rutherford's review (July 25) of the financial state of the three major political parties, he asserts that the Liberal Party would be hardest hit by any increase in the £150 deposit which has to be made by a candidate in a Parliamentary Election. This is not necessarily the case.

In the May, 1979, General Election a total of 303 Liberal candidates lost their deposit—making the cost of lost deposits to the Liberal Party a total of £45,450. If the deposit was raised to £1,000 and at the same time the level at which a deposit was forfeited was lowered from 12½ per cent of the total votes cast to 7½ per cent, then in May, 1979, only 43 Liberal deposits would have been lost at a total cost of £43,000—a saving of £2,450 to the Liberal Party.

Alternatively, if the level at which a deposit was forfeited was lowered to 5 per cent of the total votes cast then only six Liberal lost deposits would have been forfeited in May, 1979, resulting in a saving to the Liberal Party of £39,450, if the deposit was £1,000.

These figures demonstrate that a very substantial increase in the level of the deposit if accompanied by an appropriate reduction in the proportion of votes below which the deposit is forfeited could be significant financial advantage to the Liberal Party.

As far as the other parties are concerned, if the level at which deposits are forfeited was reduced to 5 per cent of the total votes cast, no Conservative candidate (instead of three) and two Labour candidates would have lost their deposit (instead of 22), in May, 1979. Such a change in the system, with a £1,000 deposit, would have saved the Conservative Party £450 and the Labour Party £1,300.

It is however Plaid Cymru who would be most financially disadvantaged by an increase in the deposit to £1,000 which would be forfeited if 5 per cent of the total votes were not obtained by a candidate. In May, 1979, a total of 16 Plaid Cymru candidates obtained less than 5 per cent of the total votes in the constituency in which they stood—the cost therefore of lost deposits would have been £16,000 instead of £4,350. The Scottish National Party would not have been as badly affected since only one of its candidates obtained less than 5 per cent of the votes whereas 29 obtained less than 12½ per cent.

Undoubtedly the Government's proposals as to the size of the deposit and the associated forfeit threshhold will represent a political compromise. It is however worth bearing in mind that when the deposit was introduced in 1918 a candidate in Great Britain had to achieve approximately 3,000 votes to save a deposit. With the increase in constituency electorates since that time 3,000 votes would now represent approximately 6 per cent of the votes cast in a constituency. This would suggest that a 5 per cent forfeit level, representing as it does one twentieth, could be an appropriate level.

P. R. McKee.
Nuffield College,
Oxford.

Industrial relations

From the Director,
Centre for Decision Making Studies,
Tavistock Institute of Human Relations

Sir,—Michael Ivens of Aims (July 29) talks of the "illiteracy of the debate on participation" and praises the Tavistock research in the coal mines later adapted in Scandinavia but hardly used in Britain. I agree with him on the illiteracy of the public debate and the gross under-utilisation of practical research into the human potential. British management is even now losing many opportunities to improve the climate of industrial relations.

Tavistock's pioneering work in the coal mines was concerned with matching technology to people, sometimes called "job design." Other Tavistock work has been on participation and influence sharing and while these two topics can be related, they are not identical. A great deal of job design consultancy, particularly in the United States, where it is called "job enrichment," was introduced as a deliberate move to undermine or keep out unions and no element of worker participation enters into the "enrichment." This is, of course, the reason why unions are justified in their scepticism. This is where a genuine sharing of influence could come in. If there are to be changes, people want to have a say on topics that affect them. And job design is not the only subject on which employees can make a useful contribution to decision making.

The present public discussion on the new European policy on industrial relations threatens to be swamped by illiteracy, fear and negativism.

(Dr.) Frank A. Heller.
The Tavistock Centre,
Belsize Lane, NW3.

Voluntary work

From the Director,
National Council for Voluntary Organisations

Sir,—Alas, there are no signs that the numbers of unemployed will fall. Perhaps the most worrying sign of all is the steady, month-by-month increase in the number of long-term unemployed, and they will be the last to benefit from any economic recovery.

Their plight, and the massive social and economic costs of long-term unemployment (of which social security payments are only a part) demand new forms of public expenditure such as the "special measures" referred to by Samuel Brittan on July 24. As he points out, there are ways of reducing the costs of unemployment and spreading the burden more equitably across the community. This approach becomes more attractive if we acknowledge the relatively low net costs of such "special measures." Contrary to Samuel Brittan's view, the National Council for Voluntary Organisations considers that the Manpower Services Commission is in the best position to continue to take the major part in developing and managing "special measures" for the unemployed. Above all, it now has several years' experience of running programmes for the unemployed in what is an extremely sensitive area of public policy.

May I stress that there is a very important difference between volunteering and opportunities for work (temporary or otherwise) provided by such "special measures" as the youth opportunities and special temporary employment programmes in which voluntary organisations make a major contribution as sponsors. We believe that unemployed people of all ages should be free to undertake voluntary work if they so wish, but let us be quite clear that this means voluntary. Those taking part will be unpaid and remain unemployed.

The training and work experience provided by the youth opportunities or temporary employment programmes, for all their shortcomings, do offer paid work and at relatively low net costs to he public purse. Among the measures that NCVO recommends to combat unemployment is an extension of special programmes. There must be devised in a way that can respond to he pressing *needs of the long-term unemployed.*

Nicholas Hinton.
26, Bedford Square, WC1.

Technological generalists

From the Chief Scientist and Engineer,
Department of Industry

Sir,—David Fishlock's article (July 25) on "the high price of success" in the scientific civil service very perceptively identifies our reasons for needing "technological generalists," like those who work for competitor nations. He is also right in saying that government laboratories have much to do in linking their work much more closely to that in firms, so as to make a bigger and quicker contribution to profit, of a kind that is complementary to private sector R and D. We are, however, making much better progress than he suggests.

An increasing number of the promising laboratory high-fliers are recognising the need to become technological generalists, and are gaining the relevant experience. But it is a slow process, needing sustained application of great *energy for over a decade.* We have to remember that the French and Germans took the key steps over a hundred years ago. We are being helped by an increasing number of the top "arts generalists" who see the needs of the public sector for the kind of engineers and scientists who play a key part in running firms.

Regarding laboratory research and researchers, partly because of the application of the customer / contractor principle, progress in this department's establishments is now fast. They earn as much from industrial contracts as does Harwell, whose successes they admire. Their work on the basic new technologies is planned with the requirements boards, chaired and manned mainly by senior industrial people. NEL has re-organised so as to help project work for groups of firms, and does not now cocoon itself as suggested, and is being selective in the areas of greatest promise.

Elsewhere also, successes in applying work in Government laboratories are evident; the pyrethrin insecticides invented at Rothamsted are proving very profitable after development work by ICI and others: cephalosporin, discovered at Oxford University, is a similar example. Nor, as far as I was able to see when I recently visited the hydraulics research station, is the prospect seen as bleak by those whose contributions are less spectacular but perhaps just as substantial in cash flow terms.

(Dr.) D. S. Davies.
Department of Industry,
Abell House,
John Islip Street, SW1.

Today's Events

GENERAL

UK: Mr. Mark Carlisle, Education Secretary, addresses Professional Association of Teachers conference, Cardiff.

Scottish Development Agency publishes annual report.

British Caledonian starts service to Hong Kong.

Westward Television board meeting to decide date of extraordinary shareholders' meeting called by Mr. Peter Cadbury.

International Leisure Festival —*RECRO 80—opens.* Kenilworth (until August 10).

Scottish Furniture Trades Exhibition opens, Glasgow (until August 4).

Prince Philip attends start of Cowes Week in HMY Britannia.

Overseas: Last day of Lord Carrington, Foreign Secretary, official visit to Brazil.

PARLIAMENTARY BUSINESS

House of Commons: Debate on the prison system and on the report of the May Committee.

House of Lords: Health Services Bill, third reading.

COMPANY MEETINGS

BPB, Ferguson House, 15-17, Marylebone Road, NW, 12. Deriton, Winchester House, 100, Old Broad Street, EC, 12. Electronic Rentals, Howard Hotel, Temple Place, Strand, WC, 12.05. Evans of Leeds, Queen's Hotel, City Square, Leeds, 12.15. Robert Jenkins, Wartley Road, Rotherham, 12. Imperial Continental Gas, Abercorn Rooms, Bishopsgate, EC, 11.30. Tecalemit, Winchester House, 77, London Wall, EC, 12. Twinlock, St. Ermins Hotel, Caxton Street, SW, 11.30. Jonas Woodhead, Parkway Hotel, Otley Road, Leeds, 2.30.

COMPANY RESULTS

Final dividends: Wm. Cook and Sons (Sheffield). Cray Electronics. Interim dividends: Allied Textile Companies. Rights and Issues Investment Trust.

LUNCHTIME MUSIC, London

Malcolm Burnock Orchestra, Tower Place, EC4, noon.

Recital by John Franca, cello, St. Lawrence Jewry, 1 pm.

SPORT

Golf: PGA Club Professional Championship, Turnberry. English Amateur Championship, Leeds.

Racing: Goodwood, Thirsk, and Newmarket.

Lex Service slides to £8m as recession bites

THE RECESSION has seriously affected all of the markets in which **Lex Service Group** operates, and taxable profits fell sharply from £12m to £7.9m for the first half of 1980, on turnover some £10m higher at £267m.

However, the interim dividend of this motor distributor and hotelier is maintained at 2.8p—last year's total was 7p, paid from profits before tax of £22.8m.

Mr. Trevor Chinn, chairman and managing director, says management action to adjust *costs and investment* levels in relation to projected volumes began in the latter months of 1979 and has continued.

At the same time, the group remains committed to its long-term strategic development programme and is therefore keeping a balance between reactions to short-term problems and consistent development towards its long-term goals.

On second-half prospects, Mr. Chinn says the economic outlook for the rest of 1980 is now even less encouraging than when plans for the full year were made.

However, despite the recession, a number of the group's businesses have done well and are expected to continue to hold or improve their market position.

"Overall we believe we will benefit from the management actions being taken throughout the company," Mr. Chinn adds. In addition any further reduction in interest rates would have obvious beneficial effects *on pre-tax profits for the full* year. First-half interest charges jumped from £2.7m to £4.2m.

The passenger car-market started the year buoyantly with registrations on new cars for the first three months 5.6 per cent higher than in the first quarter of 1979. However, the slowdown in the second quarter was even more dramatic than expected, with registrations 34 per cent down.

This meant registrations for the six months were 15.7 per cent lower at 869,168, against 1.03m.

Results from BL Cars dealerships continue to suffer during the period, with margins under constant pressure.

The rationalisation of these dealerships continues, Mr. Chinn says, and three further businesses operating in unfavourable local conditions have been closed, the costs being reflected in the accounts.

In commercial vehicles, Lex Tillotson's unit sales were 15.9 per cent down, with margins further eroded from the low levels last year. Leyland Vehicles' new T45 Roadtrain is expected to result in some improvement during the rest of the year.

The ERF and Seddon Atkinson businesses, while experiencing a marked reduction in demand, traded well in the current environment. All commercial vehicles businesses reported a severe decline in demand for service and parts.

The Carlton Tower hotel experienced a very depressed half-year due to the further marked decline in demand in the Central London deluxe hotel market. The Heathrow Hotel and the Gatwick Park *Hotel* were also affected by reduced demand but both hotels achieved increases in conference and meeting business and improved their profits for the period.

The group's hotels in New Orleans and Houston each achieved significant improvements over the first half of 1979, while the International Hotel at Baltimore maintained its results. Results from The Whitehall, Chicago, *continued* to be disappointing.

Stated earnings per 25p share fell by 6.15p to 10.5p for the period, after tax of £1.1m, against £1.4m.

Shareholders' funds amounted *to £100.6m at June 29, against* £96.5m at the year-end. Long- and medium-term debt was down from £70.9m to £65.2m, while the current element of long- and medium-term debt totalled £0.9m (£0.4m).

Cash was £1.8m lower at £14.5m, and short-term debt and bank overdrafts amounted to £0.3m (£1m).

Lex, Back Page

N. Brown comfortably ahead

Mr. D. Alliance, the chairman of direct mail order group **N. Brown Investments**, told shareholders at yesterday's AGM that despite the prevailing recession sales and profits for the first five months of the current year were comfortably ahead of last year's figures.

Another good years was in prospect, he said, although a 66 per cent profit increase could hardly be looked for again (for the year to March 1, 1980, taxable profits rose from £1.01m to £1.67m).

The chairman said that the group was in the concluding stage of negotiations with its bankers to provide funds to cover its expansion plans for the next few years.

HIGHLIGHTS

Lex looks at the City in the light of the recent misplaced speculation that MLR would be cut yesterday *from its level* of 16 per cent. Lex also looks at the settlement of defaulted Rhodesian Bonds. The figures from **Fitch Lovell** come in for consideration showing a rise in pre-tax profits from £8.8m to £11.2m. Finally Lex looks at the latest figures from its motor distributor namesake and takes these into the context of the outlook for the industry with the start of the new registrations. On the inside pages there is news of **Banbury Stockyard** coming to the market. **Dixon's** figures are flat masking a buoyant second half though trading has become more difficult since and also on the retail front **Martin Ford**, ladies clothing, is well down. **Macarthys'** drop is not unexpected and **Hirst and Mallinson's** figures also come in for comment.

Dixons Photo just ahead at £10.92m

DESPITE a slight fall from £5.21m to £5m in second-half profits, the taxable surplus of **Dixons Photographic** ended the April 26, 1980 year just ahead at £10.92m, compared with £10.72m.

Excluding VAT, and inter-company sales of £12.29m (£12.38m), turnover for the year expanded from £207.6m to £219.1m.

	1979-80 £000	1978-79 £000
Turnover	219,102	207,597
Retail	87,032	68,588
Processing	9,771	7,102
Pharmaceutical	93,176	92,849
Manufacturing	1,968	1,777
Property	7,647	1,963
Overseas	31,794	47,896
Inter-company	12,286	12,378
Pre-tax profits	10,921	10,717
Retail	6,011	4,802
Processing	1,120	884
Pharmaceutical loss	585	*831
Manufacturing	469	451
Property	1,867	907
Overseas	2,039	†2,842
Tax	1,264	864
Minorities	61	—
Extraordinary debits	224	‡284
Available	9,372	10,137
Dividends	1,672	1,434
Retained	7,700	8,703

* Profit. † Includes Dixons Rinck BV and its subsidiaries to date of disposal. ‡ Credits.

After higher tax of £1.26m against £864,000 net profits were £9.66m (£9.85m) giving earnings of 19.1p (19.6p) per 10p share.

The dividend is effectively increased to 3.325p (2.8535p) net, with a final payment of 2.075p, and will cost £1.67m (£1.43m).

After these items, minorities of £61,000 (nil), and dividends the amount retained was £7.7m compared with £8.7m.

● comment

A buoyant Christmas period helped to push Dixons retail sales up by almost 30 per cent in the second half and net margins were held at around 8 per cent. This advance was wiped out, however, by a £1m turnaround into loss in the pharmaceutical side. In the current year, the trend may partially be reversed with the downturn in consumer spending squeezing retail margins and rationalisation bringing pharmaceuticals back into profit. The disposal of Westons is now virtually complete, as is the re-organisation of the Barclays wholesaling side. The balance sheet should also be vastly improved this year, since consumer credit liabilities are being taken out. On yesterday's share price of 95p, the p/e is 8.8 fully-taxed which looks expensive on a short-term view. Yet the group now has a much sounder feel to it and the continuing expansion of retail outlets leaves Dixons strongly placed to exploit any revival in spending. The yield is a modest 5.2 per cent.

Retail and manufacturing sides lift Fitch Lovell

STRONG performances by the manufacturing and retail sides helped raise taxable profits of **Fitch Lovell**, the food group, by 27 per cent, from £8.82m to £11.19m, in the year ended April 26, 1980. Sales increased by £79.12m to £602.21m.

Midterm profits moved ahead to £5.96m (£4.03m), and the directors said the year's outcome could be faced with some confidence.

Mr. M. G. T. Webster, chairman, now says the improved trading profits in the manufacturing and retail sectors—up to £5.38m (£4.41m) and £4.5m (£3.54m) respectively—reflect the substantial capital expenditure programme undertaken over the past three years.

Balanced timing of capital realisations and expenditure, together with firm control of working capital, mitigated the impact of higher interest rates, he adds. Interest charges rose to £2.25m (£1.69m).

	1979-80 £000	1978-79 £000
Sales	602,209	523,101
Trading profits	14,538	12,376
Manufacturing	5,380	4,406
Wholesale & markets	1,740	2,089
Agriculture fisheries	1,322	1,317
Retail	4,498	3,539
Other activities	1,599	1,025
Interest & central cost*	3,299	2,587
Exceptional debits†	55	972
Profit before tax	11,185	8,817
Tax	2,912	2,774
Net profit	8,273	6,043
Pref. div. & minorities	30	31
Extraordinary debits	10	‡36
Attributable	8,233	6,048
Ordinary dividend	3,240	2,889
Retained	4,993	3,159

* Interest £2.25m (£1.69m). † Property profits less closure costs £1,230,000 (loss £181,000), development and re-organisation expenditure £1,233,000 (£761,000) and other exceptional items £52,000 (£30,000). ‡ Credits.

The pre-tax surplus was struck after substantially reduced exceptional debits totalling £55,000, against £972,000.

A final dividend of 3.71p lifts the total from 4.66483p to 5.2p net. Stated earnings per 25p share are 3.55p higher at 13.27p, after tax of £2.91m (£2.77m).

All UK operations on the manufacturing side reported increased profits, including some improvement by the canning interests despite the steel strike. In the retail sector, Key Markets continued to show healthy sales and profits growth through the success of its fresh food activities and further expansion of selling space.

The wholesale and markets division's trading profits slipped from £2.09m to £1.74m. The benefit of significant profits improvements by the Canadian subsidiary, the frozen food distribution company and the cash and carry interests was eroded by the poor performance of the dairy products division of Lovell and Christmas. This was due to weak demand and an excess of butter packing capacity in the industry.

On the agriculture fisheries and feed side, where profits were unchanged at £1.32m, a further increase in profits of the poultry operations and the feed compounding company were partially offset by operating costs of the continuing development programme in marine farming.

Improved performances by all of the companies in the "other activities" sector led to an increase in profits from £1.05m to £1.6m.

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DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Beaumont Props. ...int.	1.5	Oct. 1	1.5	—	4.5
Dixons Photo	2.08	—	*2.1	3.33	*2.85
Drayton Premier §int.	3	Sept. 8	2	—	8.8
Fitch Lovell	3.71	Oct. 1	3.37	5.2	4.66
Hirst & Mallinson ...int.	Nil	—	1.3	—	2.6
Lep Group	12.5	—	Nil	16.5	12.5
Lex Service ...int.	2.8	Sept. 11	2.8	—	7
Macathys Pharm.	4.5	—	5	6.5	6.5
Martin Ford ...int.	0.65	Oct. 10	1.3	—	2.6
Midland Trust	3.85	Sept. 30	3.33	6.3	5.34
W. Ransom and Son ...	4.18	Sept. 22	3.63	5.6	4.93
River & Mercantile int.	5	Oct. 1	4	—	‖12.86
River Plate & Gen. int.	2.5	Sept. 3	2	¶	9
Weber Holdings ...int.	2	Oct. 17	2	‡	13

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Final of 11p forecast. § Increased to reduce disparity. ¶ Final of at least 7p forecast. ‖ Includes 0.86p non-recurring special.

Heron up despite motor setback

A 30 per cent rise in taxable profits to £10.8m is reported by the privately-owned **Heron Corporation** for the year ended *March 31, 1980, but the* pre-tax surplus of the quoted motor group arm dived from £3.42m to £206,000.

The motor side incurred a loss of £833,000 in the second half, against a profit of £1.62m. During that period pressure on margins steadily increased and unit sales declined due to the fall in new car registrations caused by BL's declining market share and a fall in secondhand prices, the directors say.

As part of a programme for increasing efficiency, 13 branches were closed during the period, at a cost of £3.19m, to concentrate all efforts on depots with a long-term future. Properties with a book value of £2.89m were disposed of for £4.21m.

Trading activity in the mechanical handling equipment field was discontinued during the year as the directors were unable to see how they could achieve adequate profitability in the foreseeable future.

The profitable truck sales, service and parts operation in Edinburgh received termination notice from Leyland Vehicles as part of its franchise rationalisation programme, and this activity ended in May.

Steps are being taken to reduce costs and further improve branches' operating efficiency. *The company is well placed to* take advantage of any upturn in the economy since borrowings are minimal and there are substantial unused facilities.

The dividend is effectively maintained at 1.72p net, with a final of 0.92p payable October 1.

Shareholders' funds of Heron Corporation rose by £10m to £80m. Cash balances remain high and totalled £14m at the year-end.

The agreed acquisition of Pima Savings and Loan Association, of Arizina, still awaits the approval of the relevant regulatory bodies. The Corporation is to carry out the £75m redevelopment of Southampton City Centre with the NCB Pension Fund.

INVESTMENT TRUSTS

River & Mercantile interim rise

REVENUE OF the **River and Mercantile Trust** came out well ahead at £924,675 for the half year to June 30, 1980, compared with £717,304, after tax of £454,675 against £333,650.

And the interim dividend is lifted by 25 per cent to 5p (4p) net per 25p share—last year's total included an 8p final and a special non-recurring payment of 0.86p, which were paid from after-tax revenue of £1.7m (£1.3m).

Earnings per share at the midway stage are shown as 7.48p (5.76p).

Gross revenue totalled £1.5m, compared with £1.26m.

The directors have pursued their aim of achieving a wider geographical spread of investments, and at June 30 some 16 *per cent of the portfolio* was invested overseas, compared with 11 per cent at December 31 last—the most notable increase being 5.8 per cent in Australia, against 0.21 per cent at the year-end.

Two unlisted investments have been made in the UK, one in a newly-formed life assurance company and the other in a micro computer retailing venture. Other unlisted investments are under consideration, the directors state.

After preference dividends of £26,250 the available balance came out at £897,861 (£691,054) of which ordinary interim dividends will absorb £600,000 (£480,000).

Valuation of investments is given as £33.68m (£33.6m) and net asset value per share was 287.18p against 253.12p, and 240.87p at December 31.

Total net assets amounted to £88.65m as at June 30, compared with £79.7m at December 31, 1979, and net asset value per share is given as 269½p (232½p).

MIDLAND TRUST

After tax of £131,475, against £122,675, revenue of the **Midland Trust**, investment trust, came out £45,382 ahead at £306,775 for the year ended June 30, 1980.

Earnings per 25p share are shown as 7.26p, compared with 6.18p, and the dividend is lifted *to 6.3p (5.335p) net with a final* payment of 3.85p.

As at June 30, net asset value was 128p (134p) per share.

DRAYTON PREMIER

AFTER expenses and interest totalling £441,600, against £489,900, pre-tax revenue of **Drayton Premier Investment Trust** came out ahead by £0.67m at £2.68m for the first half of 1980.

The interim dividend, up from 2p to 3p net per 25p share, has been increased to reduce disparity with the final, which the directors hope to at least maintain—last year's final payment was 6.8p paid from pre-tax revenue of £4.55m.

After tax of £1.06m, compared with £802,000, and preference dividends of £36,900, the available balance emerged ahead from £1.17m to £1.59m. The interim will absorb £851,500 (£567,700).

RIVER PLATE

The interim dividend of **River Plate and General Investment Trust** is increased from 2p to 2.5p net per 25p deferred share for the half-year to June 30, 1980, and the directors say that present estimates of results for the full year indicate that the 7p final for 1979 will be at least maintained.

Gross revenue for the six months amounted to £674,741, against £606,971, and tax took £180,319, compared with £158,651.

Earnings per share are shown as £5.05p (4.23p), and *net asset* value is given as 269.04p (225.16p).

YEOMAN TRUST

Revenue of **Yeoman Investment Trust** climbed from *£402,590 to £567,264 for the first* half of 1980, before tax of £182,531, against £131,969. Gross income rose by £142,360 to £678,228.

The interim dividend is up 1p to 5p net and the directors intend to pay a total of at least 12.5p (11.8p including special 1.05p payment).

Net asset value per 25p share at the half year was 285p, against 264.9p a year earlier.

Listing for largest UK livestock centre

BY RAY MAUGHAN

BANBURY STOCKYARD, the largest UK livestock centre, is planning to come to the market early in October with a listing under Stock Exchange rule 163(2).

The stockyard is operated by Midland Marts, which was founded by Mr. *Alastair* MacDougall in 1924. It was bought out four years ago by a consortium of 55 employees from Dalgety with the help of a £1.3m loan from Midland Bank and is headed by Mr. Jim Watson, chairman and chief auctioneer.

The interim audit is now in progress and details of the past profits record have yet to be released but turnover during the period between 1975 and 1979 is understood to have climbed from £35m to £67m.

The group put *600,000 head of* livestock under the hammer last year and, although volumes have apparently been static recently, Banbury Stockyard has actively diversified since Dalgety sold out.

Its new interests, mostly complementary to the principal auction operation include a land agent (Charles R. Phillips), a specialist agricultural credits concern (MMF Finance), a print shop to handle the catalogues and *posters* required by the stockyard, and a joint enterprise with a leading agricultural insurance broker, a member of Lloyd's to form Chandler Hargreaves Whittle and Co. (Midlands).

Banbury Stockyard is planning to *develop* an hotel, conference and leisure centre at Grimsbury on the intended extension to the M40. The group has provisional planning permission for development of its *grazing* land adjoining the Middleton Road but the final location of the proposed extension has yet to be decided.

Samuel Montagu is sponsoring the issue.

GREYCOAT IN LINE WITH FORECAST

Due to a misunderstanding, the wrong comparison was used in the report on Greycoat Estates in yesterday's edition. With a net figure of £190,600 for the year to March 31, 1980 against a previous £79,327 after deducting tax and pre-acquisition profits, the company achieved the considerable improvement forecast at halfway.

SPAIN

July 31	Price %	+ or −
Banco Bilbao	228	
Banco Central	248	
Banco Exterior	210	
Banco Hispano	224	
Banco Ind Cat	120	
Banco Madrid	141	
Banco Santander	276	
Banco Urquijo	136	
Banco Vizcaya	236	
Banco Zaragoza	211	
Dragados	85	−1
Espanola Zinc	62	+1
Fecsa	60.7	
Gal Preciados	25	
Hidrola	65.5	−0.7
Iberduero	61	−0.5
Petroleos	119	−1.5
Petroliber	87	
Sogefisa	107	
Telefonica	63	−0.2
Union Elect.	65.5	−0.5

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MINING NEWS

A gold-wrapped parcel from Western Mining

BY KENNETH MARSTON, MINING EDITOR

READING the June quarterly report of the major Australian mining house, Western Mining, is rather like delving into a Christmas stocking and finding happy surprises all the way down. It is capped with gold in the news that by-product bullion has started to flow from the circuit at the Kambalda nickel-copper mine in Western Australia.

The total gold content of the concentrates and specimen stone handled during the quarter amounted to 2,423 oz. Possibly of more importance than this initial modest gold output is the news that drilling of three holes at the old Victory mine workings, some 20 kilometres south of Kambalda has given good results.

One hole has intersected an ore thickness of 4.5 metres which assayed a relatively high 17.4 grammes gold per tonne, the second gave 8.9 grammes over 2.2 metres; and the third assayed 11.4 grammes over 8 metres. These values were obtained at a fairly shallow depth of 140 metres. Assays of two further holes are awaited.

Western Mining is also pressing on with its preparatory work for the reopening of the Lancefield gold mine and intends to treat the ore therefrom at part of the mill at the Mount Windarra nickel mine (previously owned by Poseidon). Gold production is expected to start next year.

At the same time, development of Mount Windarra is continuing with the aim of recommencing nickel production gradually as market conditions warrant. But because part of the mill will be used for gold production, the eventual output of nickel will be substantially lower than before.

More gold news comes from Western Mining's 51 per cent-owned Central Norseman. The latter has obtained some high value results from its drilling of the South Mararoa area. They are highlighted by a short core length of 0.35 metres assaying a rich 154.4 grammes gold per tonne from 164.95 metres to 165.30 metres. Other drills gave 32.2 grammes over 1.4 metres, 22 grammes over 1.2 metres and 19.7 grammes over 0.3 metres.

Moving down the stocking to other exploration, Western Mining says that its Kingston coal prospect in South Australia now has an estimated 970m tonnes of brown coal. But the extent to which this huge deposit is economically mineable will not be known until groundwater and mining studies are completed.

Western Mining is also hoping to start a small-scale operation at the big phosphate rock reserves of the 80 per cent-owned BH South in Queensland while drilling at Western Mining's Currawong prospect in Victoria—part of the Benambra venture with BP Australia—has intersected 10.6 metres of mineralisation assaying 2 per cent copper, 1 per cent lead, 4.9 per cent zinc, 51 grammes silver and 2.5 grammes gold.

But the best news in Western Mining's stocking is not really surprising because it is of further good results from drilling of the huge Olympic Dam prospect near Roxyby Downs in South Australia where the group has a 51-49 partnership with BP Australia.

At what may one day become the world's biggest mine, latest drilling has indicated further massive mineralisation with one hole cutting 146 metres assaying 3.25 per cent copper and 0.68 per cent uranium oxide.

Thus, with its other interests, notably nickel and the oil and gas search, Western Mining is preparing the table for the Christmas feasts that are to come. The earnings prospects of the "in ground" assets for the subsequent years of this decade explain why the shares, yielding less than 2 per cent, are not considered over-valued at their current 268p.

ROUND-UP

Subject to the necessary stock exchange and government approvals Australia's Pancontinental Mining intends to offer the public a participation in its oil and gas exploration subsidiary, Pancontinental Petroleum, now that the legal and property aspects have been finalised. Meanwhile, Pancontinental Mining still awaits the official go-ahead for its big Jabiluka uranium venture with Getty Oil in Australia's Northern Territory.

* * *

The Consolidated Gold Fields group's Australian mineral sands miner, Associated Minerals Consolidated, reports a net profit for the year to June 30 of A$2.63m (£1.28m) compared with only A$225,000 in 1978-79. A return to the dividend list is made with a payment of .5 cents (3.p) on all shares issued before June, 1979, and 5.625 cents on those issued in June, 1979. Earnings revived in the second half of the past year thanks to higher prices for rutile and zircon and increased sales of synthetic rutile.

* * *

The Angolan diamond mining concern, Diamang, produced 675,000 carats of diamond in the first half of this year and expects to reach its 1980 target of 1.4m carats, according to the Angolan news agency, Angop. It is also hoped to raise annual output to 2m carats in 1983. Last year, Angola produced 841,000 carats compared with a pre-independence output of 2.4m carats in 1974.

Rio Algom follows the trend

SECOND QUARTER and first half results of Rio Algom, the Rio Tinto-Zinc group's Canadian arm, are broadly in line with those from other North American minerals companies. First half profits are well ahead of those for the comparable period of last year, but a direct comparison of second quarter results with those for the first quarter reveals a significant slowdown.

Rio Algom's consolidated net profits for the first six months of 1980 were C$44.21m (£16m), a rise of 63 per cent over the first half of last year. Sales were up by 28 per cent to C$412m.

The company said yesterday that the increase occurred largely at the 68.1 per cent-owned Lornex copper and molybdenum mine in British Columbia, and was mainly attributable to improved prices for molybdenum, copper and silver compared with last year.

Earnings from steel operations were also significantly higher because of increased sales at both the Tracy and Welland plants of Atlas Steels. Tracy has moved ahead particularly sharply as it recovered from the depressing effects of a strike during last year's second quarter.

For the second quarter, Rio Algom's net profits were C$16m, well down on the excellent first quarter result. The company explained that copper and molybdenum prices were lower during the second quarter, and warned that significant declines in some steel markets, notably the motor and consumer goods areas, gave rise to declines in order backlogs.

As a result, the high level of earnings in the first half "may not necessarily be maintained for the balance of the year," Rio Algom said.

Hirst and Mallinson in losses and omits interim

AN "extremely disappointing" first half is reported by the directors of Hirst and Mallinson, the textiles and catering group. For the half year to May 3, 1980 a pre-tax loss of £274,300 was incurred, against £160,400 profits for 27 weeks last time, and as a result the interim dividend is being omitted.

In the last full year, pre-tax profits were £295,000 (£445,100) and an interim of 1.3p net per share was followed by a final of the same amount.

The directors say that actions taken are expected to produce a significant improvement in the company's trading performance and a return to profitability is anticipated in the second six months of the current year.

Some improvements are seen in the export markets for catering equipment and steps are being taken to achieve further growth at home. In addition, since the half year there has been an increase in sales from the pharmaceutical distribution side.

Turnover for the period fell from £8.75m to £7.72m, and the loss was struck after lower interest of £87,100 (£117,000). No tax is payable, compared with a charge of £11,200.

After a jump in extraordinary debits from £28,600 to £501,000, there was an attributable deficit of £775,300, against profits of £120,600.

The directors explain that the textile rationalisation, which had been virtually completed by the half-year end, has meant that, while the company has preserved its design and marketing functions, it has completely discontinued all internal production and now purchases its fabric from outside suppliers.

This has reduced substantially its fixed cost base, making it far less vulnerable to the seasonal and cyclical fluctuations of the market.

The difficult trading conditions being experienced in common with many other UK companies have also affected the performance of the distribution activities by adversely influencing both turnover and margins in the home market.

Overseas, while there has been an increase in sales to Africa, this has been more than offset by the downturn in the Middle East.

● comment

It was not wholly unexpected that Hirst and Mallinson would find itself at rock bottom by the interim stage, but the group's fall into loss is still depressing news. The shares continued to descend, yesterday 3p down to 17p. To its credit, the company has been abandoning the costly textile manufacturing business and is shifting into textile marketing instead. This rundown of the division accounts for the £227,400 textile trading loss. The distribution business produced a trading profit of £90,000, mostly from the catering equipment side; pharmaceuticals showed a small loss. Moving down the accounts however, there is an extraordinary deficit of £½m arising from the textile wind-up, a figure which makes for a dismal attributable loss level of more than £¾m. Prospects for the current year indicate some profit in the second half, but not enough to take H and M out of the red at year-end. The interim dividend has been passed and if the attributable level does not improve then this may be a dividend-less year. In the longer term, however, H and M seems to be on the right track with the development of its catering equipment business, a division which should steer recovery in 1981.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Kuala Lumpur Kepong, Rights and Issues Investment Trust, Scottish United Investors.

Finals: Brasway, William Cook (Sheffield), Cray Electronics, Watsham's.

FUTURE DATES

Interims:	
Britannic Assurance	Aug. 13
Comben	Aug. 11
Corah	Aug. 15
First Scottish American Trust	Aug. 21
Kleinwort, Benson, Lonsdale	Sept. 23
Rock Darham	Aug. 4
Turner and Newall	Sept. 11
Vogelstruisbult Metal	Aug. 6
Finals:	
Centrovincial Estates	Aug. 7
Gold Fields Property	Aug. 11
Gold Fields of South Africa	Aug. 15
New Wits Gold Expln.	Aug. 13
Wholesale Fittings	Aug. 8

WVF up sharply at mid-year

FOR THE first half of 1980, operating surplus of Wholesale Vehicle Finance (WVF), a subsidiary of the National Enterprise Board, increased from £0.61m to £1.72m. After loan stock interest, profits climbed almost £1m to £1.43m. There is again no tax charge.

The WVF consignment stock scheme was launched in January 1979 to permit BL Cars' distributors to hold stocks of new cars and light commercial vehicles on consignment. Virtually all distributors and main dealers of BL now participate and this has helped provide a high degree of availability for all BL models.

The chief problem in the half year for customers has been high interest rates which have only recently begun to show a slight fall.

WVF has made great efforts to minimise the effect on distributors and its display charge has now dropped nearly 2 per cent since its peak in June. This will reduce profits but will greatly assist its customers in coping with the present difficult times.

Display charges, representing turnover, amounted to £9.52m for the half year, against £2.61m last time.

The company continues to have adequate funds available to it and expects to renew expiring facilities as they fall due.

Bank overdraft and short-term borrowings leapt from £69,000 to £7.98m at June 30.

OIL AND GAS NEWS

Magellan to resume drilling at Meerenie

THINGS ARE moving into line at Magellan Petroleum Australia's operations in the Northern Territory.

The company, a subsidiary of Magellan Petroleum of America, has announced that its plans to resume assessment drilling in the Meerenie oil and gas field are going ahead on schedule. A key project which will use natural gas from the Palm Valley field is also moving according to plan.

Production of a U.S.$4.5m (£1.9m) drilling rig for Meerenie in the U.S. is already ahead of schedule and delivery is expected in October.

The fields form part of a 12.6m acre spread held by Magellan in the Northern Territory of Australia.

Magellan said final execution of the Meerenie agreement with the Central Land Council, which represents aboriginal interests, is expected in the near future to make way for the grant of production leases by the Northern Territory administration.

Negotiations with the Central Land Council on the Palm Valley field should start next month following Northern Territory Government encouragement for the Alice Springs power project, which would use natural gas from the field.

* * *

The Condor oil shale deposits have been upgraded to 6.25bn barrels from 6.04bn. This latest assessment is given by Southern Pacific Petroleum, one of the partners in the Rundle oil shale project.

Reporting on behalf of its partner Central Pacific Minerals, Southern Pacific said further drilling had shown that the Condor deposits, south of Proserpine in Queensland, continued beyond areas previously tested.

The estimate of 6.04bn barrels had been given by the Rundle oil shale twins' chairman Mr. Ian Macfarlane at the annual meeting in June. The latest estimate is based on the same cut-off grade of 40 litres per tonne of shale at zero per cent moisture.

Southern Pacific said commercial production programmes were being devised for the Condor project and assistance had been sought from the Queensland Government in providing channels of communications between the companies and departments and local authorities involved.

The other partner in the Rundle project is Esso Exploration and Production Australia, a subsidiary of Exxon. The heads of agreement between the three partners for the development of the Rundle oil shale deposits north of Gladstone were signed last July 3.

* * *

Drilling operations have begun at the Malton No. 3 well in Yorkshire, for which Taylor Woodrow Energy are the operators.

The well will be drilled on licence PL 080 (A) and was spudded last July 18. Total depth will be about 1,722m (5,250 ft).

Planning approval was granted by North Yorks County Council during May and the drilling operations will be carried out by Bolden Drilling.

The work is being carried out as part of an onshore gas exploration programme for a consortium which in addition to Taylor Woodrow Energy (14.25 per cent), consists of Candecca Resources (49 per cent), RTZ Oil and Gas (14.25 per cent), Haoma N.W. Mining (UK) (13 per cent) and James Finlay (9.5 per cent).

* * *

The Dullingari Murta No. 2, an exploration well 5km south of Murta No. 1 in South Australia's Cooper Basin, was spudded last week.

This well is the second of four exploration wells being drilled to determine the jurassic oil accumulation in the Dullingari area.

Work expenditure on this is expected to exceed A$2m (£980,000) this year. Planned total depth for the well is 1,585m.

The hunt for jurassic oil reservoirs has been gathering pace over the past year, and began with a chance discovery of oil in the Strzlechi well.

The partners in the Dullingari project are Santos (with a 50 per cent interest), the operator Delhi (30 per cent), Vamgas (10 per cent) and South Australian Oil and Gas (10 per cent).

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	April Vol.	April Last	Stock
ABN C	F.260	1	53	—	—	-	—	F.311.50
ABN C	F.300	20	13.50	—	—	—	—	"
ABN C	F.320	2	3.50	—	—	—	—	"
AKZO C	F.25	17	0.60	40	1	40	1.50	F.23.70
AKZO C	F.27.50	4	0.20	—	—	—	—	"
AMRO C	F.65	5	3	—	—	—	—	F.66.90
HEIN C	F.70	—	—	2	1.10	—	—	F.65.10
HOOG C	F.17.50	5	0.90	—	—	—	—	F.17
KLM C	F.60	20	5.20	—	—	—	—	F.64
KLM C	F.70	5	1.30	—	—	—	—	"
KLM C	F.80	2	0.50	—	—	—	—	"
KLM P	F.60	14	2.80	—	—	—	—	"
KLM P	F.70	2	9	—	—	—	—	"
NATN C	F.110	—	—	1	10.50	—	—	F.117.90
NATN C	F.120	2	8.30	10	3.90	—	—	"
PHIL C	F.17.50	42	2	2	2.40	—	—	F.19.30
PHIL C	F.20	43	0.50	162	0.90	40	1	"
PHIL C	F.22.50	5	0.10	—	—	—	—	"
PHIL P	F.17.50	—	—	5	0.60B	—	—	"
PHIL P	F.20	—	—	—	—	5	2.20	"
POLA C	$30	1	1⅛	—	—	—	—	$27
OLIE C	F.150	19	20	—	—	—	—	F.169.20
OLIE C	F.160	50	11	25	11.30	—	—	"
OLIE C	F.170	257	4.10	44	68	10	8.50	"
OLIE C	F.180	70	1.40	220	2.50	31	3.80	"
OLIE P	F.140	5	0.20	—	—	—	—	"
OLIE P	F.150	10	0.70	34	1.40	—	—	"
OLIE P	F.160	150	2.80	8	4.20	10	5.60	"
OLIE P	F.170	51	8	1	9.30	—	—	"
OLIE P	F.180	—	—	10	16.50B	—	—	"
UNIL C	F.115	6	8.80A	—	—	—	—	F.121.20
UNIL C	F.120	—	—	2	5	—	—	"
UNIL C	F.130	—	—	3	1.20	—	—	"
UNIL P	F.120	75	2.40	—	—	—	—	"
		Aug.		Nov.		Feb.		
BOEI C	$35	—	—	—	—	1	6½	$38¼
SIEM C	DM.280.58	—	—	5	9	—	—	DM281.80
SLUM C	$120	4	14⅛	—	—	—	—	$133⅝
SLUM C	$130	—	—	6	9	—	—	"
VW C	DM.170	—	—	1	4.50	—	—	DM169
		Sept.		Dec.		Mar.		
SEAR C	$15	1	3⅞	—	—	—	—	$18¾
SEAR C	$20	—	—	—	—	20	1⅞	"
TOTAL VOLUME IN CONTRACTS						1625		

C=Call P=Put

Weber Hldgs. improvement at halfway

Revenue, before tax, of Weber Holdings, investment and property concern, improved from £65,384 to £78,454 for the half year to June 30, 1980, following an advance to £142,255, against £113,356, for the 1979 year.

The interim dividend is unchanged at 2p net per 50p share and directors expect to maintain last year's final payment of 11p, subject to any unforeseen circumstances and any variation in interest rates.

After tax of £39,512 (£30,893) revenue came out at £38,942, compared with £34,491, giving earnings of 8.37p (7.42p) per share.

The interim payment will absorb £9,300 (same) leaving a retained balance of £29,642 (£25,191).

The company has close status.

RIGHTS RESULTS

Acceptances have been received in respect of over 91 per cent of the shares offered by Coalite Group on a one-for-six basis. The issue raised £10.9m for the company.

Following the one-for-three rights issue by Hazelwoods Foods, acceptances have been received for 97 per cent of the shares offered.

Milford Docks rejects board appointments

The board of Milford Docks has successfully repelled the second boarding party this year.

Shareholders polled at yesterday's meeting refused to elect Mr. Faik Ezen, Mr. John Knowles and Mr. James Thomson-Moore to the board. Instead they re-elected Mr. D. H. Blick and Lt.-Col. T. G. Wilkinson, whom the boarding party hoped to replace by their own representatives.

Earlier this year a similar ginger group failed to gain board representation after Mr. Charles Smith, Milford's chairman, told shareholders that he could not determine what benefit their appointments would bring the company.

His tactics in opposing the latest party, which seems to have indirect connections with the first, followed the same line.

BANK RETURN

BANKING DEPARTMENT

	Wednesday July 30 1980	Increase (+) or Decrease (—) for week
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	32,917,599	+ 2,195,183
Special Deposits	456,355,000	—
Bankers Deposits	636,329,083	+ 91,778,697
Reserve & other Accounts	637,548,301	— 22,957,255
	1,777,696,983	+ 71,736,625
ASSETS		
Government Securities	1,101,354,084	— 185,823,000
Advances & Other Accounts	492,711,595	+ 267,138,285
Premises Equipment & Other Secs.	169,787,633	— 3,678,959
Notes	13,511,925	— 5,953,295
Coin	331,746	+ 53,594
	1,777,696,983	+ 71,736,625

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes Issued	10,400,000,000	— 25,000,000
In Circulation	10,386,488,075	— 19,046,705
In Banking Department	13,511,925	— 5,953,295
ASSETS		
Government Debt	11,015,100	—
Other Goverment Securities	7,827,885,921	— 276,475,802
Other Securities	2,561,098,979	+ 251,475,802
	10,400,000,000	— 25,000,000

BOND DRAWINGS

BIDS AND DEALS

Redman sells Wellman stake

BY RAY MAUGHAN

ALMOST a year after the failure of its £8.3m offer for Wellman Engineering Corporation, Redman Heenan International has accepted a bid worth £2.24m net from James Capel for its residual 27.4 per cent stake at 68¾p per share which has been sold to a small number of the broker's institutional clients. The disposal price compares with Redman's initial offer of 65p per share, later raised by 5p.

The identity of the new shareholders, thought to number three institutions as principals, has not been disclosed but it is understood that a proportion of their purchases will be sold to other investors.

Wellman has attracted noticeable institutional support recently. At the beginning of last month, the National Coal Board Pension Fund subscribed for the 626,163 shares issued to acquire a Carclo subsidiary, Frank Wigglesworth, with the result that the fund now owns 8 per cent of Wellman's equity.

The group subsequently met its £2m pre-tax profit defence forecast for the year to March 31 last, despite an estimated loss of around £300,000 through the engineering and steel disputes. Certain areas of the group are on short-time production but investment interest has been attracted by an apparent breakthrough in coal gasification technology.

The market for this equipment has hithero been confined to South Africa but the group has unveiled the process at its Smethwick works and intends, belatedly, to attract potential U.S. buyers to a demonstration when Caterpillar's plant at York, Pennsylvania, resumes normal working after a lengthy shutdown.

Stanhope: 61% say 'yes' to Dares

Dares Estates has received acceptances from just over 61 per cent of shareholders of Stanhope General Investment for its bid for the company, with 44 per cent of preference shareholders also giving undertakings.

Dares is offering 140p cash and 13 of its own ordinary shares for two Stanhope ordinary and £1 cash for each preference share. Stockbrokers Henry Cooke and Lumsden are making a separate cash offer, fully underwritten, to buy the new ordinary shares of Dares at 20p. The formal bid document was issued yesterday.

The ordinary offer, together with the cash offer, values each existing Stanhope share at £2.

Following the acquisition of Stanhope, net tangible assets attributable to Dares' ordinary shareholders will rise from £2.7m to £4.1m.

Sangers expands optical side with £1.7m purchase

In a £1.7m cash deale Sangers Group has acquired Bebbington and Perkins. The takeover makes Sangers, in turnover terms, the second largest retail optical company in the country, and is being financed by way of a seven-year bank loan

B and P operates a group of 21 optical practices in the West of England and South Wales, together with supporting lens surfacing and edging facilities.

The adjusted profit before tax of B and P for 1979 was £162,000. This did not include the profit from two practices for the full year. The assets to be acquired, including four freehold properties at current market value, are estimated to be in excess of £750,000.

In addition, Sangers' new agencies division, operating in the retail chemist market, has signed agreements with four manufacturers, the photographics division plans to move into a new warehouse in Birmingham early next year and the group is considering the disposal of its food business in Northern Ireland.

Mr. George Robinson, the chairman, told the annual meeting that the benefit of these changes would not be seen for some time. But a very strong group was being created, "which can look to the future with considerable confidence."

The pharmaceutical division, with a turnover of some £90m a year, has signed leases for two brand new depots, one in North London and one in Warrington (Lancs) which, when operating fully, will considerably improve the efficiency of the division.

ABBEY BUYS HOUSEBUILDER

Abbey, the housing group, has acquired housebuilders EGM Cape (UK) for £1.28m and the assets of G. C. Power Tools for £475,000. The Dublin based group, with half its turnover in the UK, made the takeover through its UK subsidiary, Abbey Homesteads (Group).

Cape, with headquarters in Leamington Spa, builds mainly in Cheshire. It has a current land bank of 350 units and last year reported profit before tax of £477,000.

CREST NICHOLSON

Crest Nicholson has acquired Bivac Consultants from Bivac's chairman and founder, Mr. E. D. Berry, his family and associates for £180,000 cash.

Net assets acquired amount to £108,000 and pre-tax profits for the year to January 31, 1980, were £64,000.

The acquisition has been made on behalf of D. D. Lawson, whose main business is the design and installation of pneumatic and other systems for document, sample and cash conveying. Bivac designs and produces industrial vacuum cleaning plant.

Mr. Norman cuts holding in Berwick Timpo to 6.9%

MR. TORQUIL NORMAN, former managing director of Berwick Timpo, the toy group, has reduced his stake in the company from 11.4 per cent to 6.9 per cent, following the sale of 250,000 shares a week ago. This leaves his holding at 387,797 shares.

At last Thursday's share price of 67p the sale proceeds would amount to £167,500. Yesterday Berwick's shares closed 1p lower at 63p.

Mr. Norman said yesterday "the proceeds would be used to pay off some loans and to finance a tooling programme in connection with a new manufacturing business which I hope to get under way early next year."

Mr. Norman resigned from the Berwick board in May 1979 after being executive chairman since 1975. His departure came following a "fundamental disagreement" with the board about the future direction of the company.

In July 1979 he started a campaign to get himself re-elected to the board but this failed after a close vote at a meeting on September 19. Ten days later Caparo, the investment company controlled by Mr. Swraj Paul who has business interests in India, which backed Mr. Norman's plan to return to the Berwick board, increased its stake in the company from 10.7 per cent to 13.8 per cent. Another large holder in the company is Scottish Northern Investment with a 5.4 per cent stake.

W. Ransom's £0.72m beats forecast

CONTRARY TO a forecast at halfway of a slight fall in the full-term result, taxable profits of William Ransom and Son, manufacturing chemist, edged up from £0.69m to £0.72m in the year to March 31, 1980. Profits at the interim stage were £0.23m against £0.26m previously.

Earnings per 10p share for the year are up to 23.94p (22.17p) net and the final dividend is stepped up to 4.175p (3.63p) making a net total of 5.602p (4.927p).

Turnover increased to £2.61m (£2.55m). The tax charge was £361,453 (£356,394).

The profit figure includes a non-recurring interest relief grant of £150,000.

The company says exports have been affected by the strong pound, but home sales have remained firm. No benefit has yet been received from the new factory, to which work moved in April.

THOS. JOURDAN

The interim dividend of Thomas Jourdan, investment holding company, is being lifted from 1.05p to 1.75p net per 10p share, mainly to reduce disparity. In yesterday's report, the comparative payment was shown as 1.5p due to an agency error.

Lep jumps to more than £6.7m

A £1.75M JUMP in taxable profit for the second half of 1979 pushed the full year total at Lep Group, international freight forwarder, well ahead from £4.52m to £6.77m.

Turnover was up from £55.98m to £62.03m.

When reporting mid-term profits of £2.44m, against £1.95m, the company said the results were good considering the loss of trade with Iran and strikes in January.

After tax of £3.23m (£2.09m) stated earnings per 10p share were 13p better at 49p and the net total dividend is stepped up from 12.5p to 16.5p by a 12.5p final.

The figures exclude profit of £361,726 on the re-sale of property in Austria and shares in an associate, which has been treated as an extraordinary gain and transferred directly to reserves.

STAVERT

For the year ended March 31, 1980, profits of Stavert Zigomala and Co. (Holdings), Manchester-based furniture wholesaler, amounted to £31,808 against £32,322 before a lower tax charge of £9,538 compared with £12,107.

The net dividend of this close company is lifted from 5p per 20p share to 6.02p.

Macarthys Pharms. falls further in second half

A FURTHER fall in second-half profits, at Macarthys Pharmaceuticals, wholesale and retail chemist, has left the taxable surplus for the April 30, 1980, year behind from £3.78m to £3.15m.

After inter-group sales of £9m against £7.99m, the total for the full period was nearly £30m ahead at £148.8m.

At halfway profits had dropped to £1.61m (£1.85m) and directors said that second-half earnings would be a little lower than those of the first six months.

Although margins have held up well in most trading activities, the retail division experienced a dull period of business, the directors now say, in both prescription and counter sales.

The current year has begun quietly in all sectors, but they say it seems probable that improved trading margins in the wholesale pharmaceutical business can be anticipated.

	1979-80 £000	1978-79 £000
Sales	148,761	119,035
Pharmaceutical:		
Manufacturing	3,293	2,880
Distribution	114,074	91,109
Surgical	13,111	10,380
Retailing	16,760	14 067
Veterinary	10,530	8,592
Less: inter-group	9,007	7,993
Profits	3,935	4,675
Pharmaceutical:		
Manufacturing	48	144
Distribution	2,408	3,026
Surgical	555	480
Retailing	531	611
Veterinary	393	414
Management	377	409
Staff bonus	406	489
Pre-tax profits	3,152	3,777
Tax	566	244
Preference dividends	27	27
Available	2,559	3,506
Ordinary dividends	855	684
Extraordinary debit	422	88
Leaving	1,282	2,734

Earnings per 20p share are shown as 20.7p against 32p and the dividend is unchanged at 6.5p net with a final of 4.5p.

Tax took £566,000 (£244,000) and there was an extraordinary debit of £422,000 (£88,000), representing goodwill write-off amounting to £517,000 on businesses purchased by Savory and Moore, against £95,000 received from sales of property and goodwill by the group as a whole.

● comment

Yesterday's 17 per cent pre-tax drop at Macarthy's Pharmaceuticals took no one by surprise. The shares came up 2p to 118p despite a 10 per cent lower final dividend. On a maintained total, the yield comes to just over 8 per cent and the shares do not look too expensive riding on a stated p/e of 5.5. Future hopes for Macarthys stem in part from an easing in the pharmaceuticals price war since the introduction of a new price structure in June. The group's manufacturing business started coming right in the second half with a return to profit as new productive facilities came on stream and this trend should continue in the current year. Pre-tax margins have certainly been low, down to just 2.1 per cent at year end, but there is reason to expect a rise in months to come. With any luck Macarthys should be able to return to its 1978 pre-tax level of £3.8m; the potential is definitely there.

Martin Ford setback

CONTINUING DIFFICULT trading conditions reduced pre-tax profits of Martin Ford, ladies' wear retailer, from £669,326 to £101,326 for the first half to May 31. The drop was forecast at the last year-end when the company reported profits slightly up from £1.32m to £1.33m, but said the difficult conditions of the second half would persist in 1980.

The net interim is halved to 0.65p (1.3p) and the board says that in the absence of an upturn in the general economic climate the results for the current year will be depressed. Total dividend last time was 2.6p.

Sales, including VAT, for the first six months were down to £3.08m (£3.51m). Taxation took £54,059 (£357,160). Stated earnings per 10p share are 0.3p (2p) net.

● comment

Even against the dismal backdrop of the retail sector, Martin Ford's figures are exceptionally poor. Volume has fallen by around 18 per cent in existing outlets and margins have been shot to pieces. The decline is particularly steep because sales held up well in the previous year but it would look still worse but for interest received on the company's (now depleted) cash balances. The shares, which are tightly held by the family, lost 6p to 24p yesterday, wiping about £780,000 off the capitalisation. There are already signs of a minor recovery but final dividend looks almost certain to be slashed. Fully-taxed profits of £240,000 would barely cover half of last year's payments. The prospective p/e of around 18 may not, however, be too optimistic. Three years ago, the company bounced back smartly from a similar dive in profits.

BOLLINGTON TEXTILE RISES

Pre-tax profits of Bollington Textile Printers, lessor of building plant, expanded to £138,[illegible] for the year ended March 31, 1980, compared with £99,231.

The dividend per 25p share of Bollington, ultimate holding company of which is Great Universal Stores, is boosted by 50 per cent to 4.5p (3p).

Tax for the year took £70,1[illegible] against £50,594, and the amount retained was £31,526 (£12,725).

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Companies and Markets

CURRENCIES, MONEY and GOLD

$ firm, £ eases

The dollar continued to advance in the foreign exchange market yesterday, following the further upward trend in Euro-dollar interest rates, and the announcement on Wednesday of the rise in U.S. leading economic indicators in June, while over the last few week the market has become progressively oversold and now finds itself generally short of dollars.

The U.S. currency rose to DM 1.7815 from DM 1.7765 against the D-mark, to SwFr 1.6490 from SwFr 1.6465 in terms of the Swiss franc, and to Y227.50 from Y226.95 against the Japanese yen. The dollar's index, as calculated by the Bank of England, rose to 84.8 from 84.4, the highest level for over two months.

Sterling remained nervous ahead of the decision on Bank of England Minimum Lending Rate, rising about 1 cent when MLR was unchanged, but finishing slightly weaker on the day against the dollar, and currencies in general. The pound opened at $2.3465-2.3475, and fell to a low point of $2.3225-2.3235, before recovering to $2.34 at lunch. It eased to $2.3350 in the afternoon, after touching $2.3540-2.3550, and closed at $2.3425-2.3435, a fall of 55 points on the day. The pound's trade-weighted index, on Bank of England figures, fell to 74.7 from 74.8, after standing at 74.5 at noon and 74.4 in the morning.

D-MARK — Slightly weaker within the European Monetary System recently, but showing a firmer tendency against the dollar following a sharp narrowing of interest rate differentials —The D-mark remained weak against most currencies at the Frankfurt fixing. The Bundesbank sold $20.3m when the dollar rose to DM 1.7851 from DM 1.7621, the highest fixing level since late May. Market estimates of intervention by the central bank during the morning were between $75m and $100m, in fairly hectic trading. Firmer Eurodollar interest rates, and the June rise of 2¼ per cent in U.S. leading economic indicators helped to support the dollar. Sterling rose to DM 4.1790 from DM 4.1750, but the Swiss franc eased to DM 1.0795 from DM 1.0850. Within the EMS the French franc improved to DM 43.19 per 100 francs from DM 43.17½, the Dutch guilder to DM 91.70 per 100 guilders from DM 91.66, and the Italian lira to DM 2.1240 per 1,000 lira from DM 2.1180.

ITALIAN LIRA — Still the weakest currency within the EMS, but showing a steadier tendency following the early July support package — The lira improved against its EMS partners at the Milan fixing, despite a weaker trend against the dollar, sterling and the Japanese yen. The Italian currency maintained its recent strength against other EMS currencies, with the D-mark falling to L471.20 from L472.45, the French franc ot L203.69 from L203.80, the Belgian franc to L29.5340 from L29.565, the Dutch guilder to L431.81 from L433.32, the Danish krone to L152.28 from L152.95, and the Irish punt to L1,772 from L1,778. On the other hand the dollar rose to L841.45 from L832.70 and sterling to L1,974.30 from L1,971.40.

JAPANESE YEN — Showing weaker trend once again after marked recovery on the downward trend in U.S. interest rates. Last year fears about energy supplies and balance of payments problems severely depressed the currency — The yen declined against the dollar in moderate trading. The U.S. currency rose to Y226.85 from Y225.90, after opening at Y226.80. It moved within a narrow range around Y227.00 helped by the rise in U.S. leading economic indicators.

THE POUND SPOT AND FORWARD

July 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3225-2.3550	2.3425-2.3435	1.60-1.50c pm	7.94	3.67-3.57 pm	6.18
Canada	2.7100-2.7430	2.7220-2.7230	1.77-1.67m pm	7.58	3.90-3.80 pm	5.68
Nethlnd.	4.52½-4.58½	4.54½-4.55½	3½-2½c pm	7.58	8-7 pm	6.59
Belgium	66.30-66.80	66.40-66.50	26-16c pm	3.79	58-48 pm	3.19
Denmark	12.86-12.97	12.88½-12.89½	3½-1½ore pm	2.09	6½-8½ dis	−2.37
Ireland	1.1060-1.1120	1.1080-1.1095	0.05p pm-par	0.27	0.25-0.20 pm	0.81
W. Ger.	4.15-4.20	4.17-4.18	3½-2½pf pm	8.98	8½-7½ pm	7.54
Portugal	115.80-117.40	116.75-117.00	39c pm-21 dis	0.97	54pm-66dis	−0.20
Spain	168.20-169.30	168.55-168.75	55-106c dis	−5.73	254-343 dis	−7.08
Italy	1,960-1,980	1,964-1,[illegible]	10-13 lire dis	−7.02	39½-42½ dis	−8.35
Norway	11.41-11.50	11.49-11.50	8½-7½ore pm	8.42	17½-15½ pm	5.70
France	9.64-9.71	9.65-9.66	4½-3½c pm	5.28	10½-9½ pm	4.25
Sweden	9.70-9.82	9.78-9.79	3½-2½ore pm	3.75	4½-3½ pm	1.76
Japan	528-538	532½-533½	2.20-1.80y pm	4.50	4.90-4.50 pm	3.53
Austria	29.45-29.75	29.65-29.70	16-14gro pm	6.06	37-31 pm	4.58
Switz.	3.84-3.89	3.86-3.87	4½-3½c pm	12.42	10½-9½ pm	10.61

Belgian rate is for convertible francs. Financial franc 66.60-66.70. Six-month forward dollar 5.10-5.00c pm, 12-month 7.10-7.00c pm.

THE DOLLAR SPOT AND FORWARD

July 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3225-2.3550	2.3425-2.3435	1.60-1.50c pm	7.94	3.67-3.57 pm	6.18
Ireland†	2.1025-2.1140	2.1110-2.1140	1.45-1.35c pm	7.98	3.65-3.55 pm	6.84
Canada	1.1615-1.1670	1.1615-1.1620	0.15-0.20c dis	−1.80	0.23-0.28dis	−0.87
Nethlnd.	1.9425-1.9515	1.9480-1.9500	0.06c pm-0.05 dis	—	0.26-0.16 pm	0.43
Belgium	28.34-28.55	28.34-28.38	6-7½c dis	−2.85	16-19 dis	−2.46
Denmark	5.5125-5.5270	5.5230-5.5255	3½-4½ore dis	−8.69	11½-12 dis	−8.51
W. Ger.	1.7690-1.7940	1.7810-1.7820	0.12-0.08pf pm	0.67	0.73-0.68 pm	1.58
Portugal	49.55-50.10	49.55-49.95	15-40c dis	−6.63	50-100 dis	−6.03
Spain	72.00-72.08	72.03-72.08	75-95c dis	−14.15	215-245dis	−12.77
Italy	841.20-842.75	842.00-842.50	9½-11 lire dis	−14.60	30-32 dis	−14.72
Norway	4.8850-4.9095	4.8875-4.8890	0.50ore pm-par	0.61	0.25pm-0.25dis	—
France	4.1225-4.1400	4.1250-4.1280	0.88-0.98c dis	−2.70	1.95-2.15dis	−1.98
Sweden	4.1725-4.1795	4.1750-4.1760	1.25-1.40ore dis	−3.81	3.80-3.95dis	−3.71
Japan	225.80-228.60	227.45-227.55	0.55-0.70y dis	−3.30	1.30-1.45dis	−2.42
Austria	12.64½-12.68	12.66-12.67½	1.40-2.00gro dis	−1.61	3.25-5.00dis	−1.30
Switz.	1.6430-1.6700	1.6485-1.6495	0.78-0.68c pm	5.31	1.87-1.77 pm	4.41

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 31	Bank of England Index	Morgan Guaranty Changes %
Sterling	74.7	−31.6
U.S. dollar	84.8	−8.9
Canadian dollar	81.3	−16.8
Austrian schilling	156.5	+24.2
Belgian franc	116.3	+14.0
Danish kroner	107.1	−4.0
Deutsche mark	155.3	+44.2
Swiss franc	198.1	+79.0
Guilder	126.1	+19.8
French franc	101.9	−5.3
Lira	53.4	−50.9
Yen	124.8	+23.2

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

July 30	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.557268	0.604241
U.S. $	10	1.32106	1.43024
Canadian $	10.18	1.54141	1.66408
Austria Sch	6¾	16.5040	17.8708
Belgium F	13	37.2077	40.3059
Danish K	13	7.19647	7.79480
D'mark	7½	2.32784	2.52265
Guilder	9	2.53974	2.75292
French Fr.	9½	5.39983	5.85325
Lira	15	1000.11	1191.03
Yen	9	298.295	323.563
Norwgn. Kr.	9	6.40450	6.93723
Spanish Pts.	8	94.4505	102.226
Swed'sh Kr.	10	5.46139	5.91833
Swiss Fr.	[illegible]	2.14804	2.3 514

OTHER CURRENCIES

July 31	£	$		£ Note Rates
Argentina Peso	4401-4421	1880-1887	Austria	29.35-29.65
Australia Dollar	2.0340-2.0380	0.8680-0.8685	Belgium	66.50-67.10
Brazil Cruzeiro	125.45-126.45	53.68-53.88	Denmark	12.86-12.96
Finland Markka	8.49-8.51	3.6560-3.6570	France	9.61-9.67
Greek Drachma	100.862-103.204	43.20-43.40	Germany	4.15¼-4.18¼
Hong Kong Dollar	11.57-11.59¼	4.9450-4.9480	Italy	1940-2045
Iran Rial	n.a	n.a	Japan	531-536
Kuwait Dinar(KD)	0.621-0.627	0.2680-0.2681	Netherlands	4.52¾-4.55¾
Luxembourg Frc.	66.40-66.50	28.34-28.36	Norway	11.44-11.54
Malaysia Dollar	5.0700-5.0820	2.1650-2.1680	Portugal	111-116
New Zealand Dlr.	2.4030-2.4080	1.0255-1.0265	Spain	163¼-169½
Saudi Arab. Riyal	7.70-7.76	3.3190-3.3220	Sweden	9.73-9.83
Singapore Dollar	5.0050-5.0170	2.1385-2.1405	Switzerland	3.84½-3.87½
Sth. African Rand	1.7865-1.7885	0.7625-0.7635	United States	2.34-2.35¼
U.A.E. Dirham	8.56-8.62	3.6875-3.6890	Yugoslavia	63½-69½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 31	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.2032	+1.04	+0.10	±1.53
Danish Krone	7.72336	7.81883	+1.24	+0.30	±1.64
German D-Mark	2.48208	2.52615	+1.78	+0.84	±1.125
French Franc	5.84700	5.85083	+0.07	−0.87	±1.3557
Dutch Guilder	2.74362	2.75463	+0.40	−0.54	±1.512
Irish Punt	0.668201	0.671891	+0.55	−0.39	±1.668
Italian Lira	1157.79	1192.70	+3.02	+2.35	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 31	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.343	4.175	533.0	9.656	3.865	4.550	1965.	2.723	66.45
U.S. Dollar	0.427	1.	1.782	227.5	4.121	1.650	1.942	838.5	1.162	28.36
Deutschemark	0.240	0.561	1.	127.7	2.313	0.926	1.090	470.5	0.652	15.92
Japanese Yen 1,000	1.876	4.396	7.833	1000.	18.11	7.251	8.537	3686.	5.108	124.7
French Franc 10	1.036	2.427	4.324	552.0	10.	4.003	4.713	2035.	2.820	68.82
Swiss Franc	0.259	0.606	1.080	137.9	2.498	1.	1.177	508.3	0.704	17.19
Dutch Guilder	0.220	0.515	0.918	117.1	2.122	0.849	1.	431.8	0.598	14.60
Italian Lira, 1,000	0.509	1.193	2.125	271.3	4.915	1.967	2.316	1000.	1.386	33.83
Canadian Dollar	0.367	0.861	1.534	195.8	3.546	1.420	1.671	721.6	1.	24.41
Belgian Franc 100	1.505	3.526	6.283	802.1	14.53	5.816	6.847	2956.	4.097	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 31)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 7/8	offer 10	bid 10 1/16	offer 10 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

July 31	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17½-17¾	9⅛-9⅜	10½-11½	9⅛-9½	5½-6	8¾-8⅞	12-14	16-20	26¾-26⅞	12½-12¾
7 days' notice	17⅞-18⅛	9¼-9½	10½-11½	9⅝-9⅞	5¼-5¾	8¾-8⅞	12-12¾	21-24	[illegible]	12⅝-12⅞
Month	16⅞-17⅛	9⅜-9⅝	10⅜-10¾	9⅜-9⅝	[illegible]	8¾-8⅞	12-12¼	23-25	9½-9⅝	12½-12¾
Three months	[illegible]	9⅞-10	10⅝-10¾	9¼-9½	5⅝-6⅛	[illegible]	[illegible]	23-24½	9⅞-[illegible]	12¼-12⅜
Six months	14½-14¾	[illegible]	10½-10⅞	9⅛-9⅜	[illegible]	[illegible]	[illegible]	23-24½	[illegible]	11⅜-11⅝
One Year	[illegible]	10⅛-10⅜	10⅝-11	9⅛-9⅜	5⅛-5¼	7¾-7⅞	11¾-12	21½-23	10⅛-10¼	9⅞-10

Long-term Eurodollar two years 10⅝-10⅞ per cent; three years 10⅞-11 per cent; four years 11⅛-11⅜ per cent; five years 11⅛-11½ per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 9.05-9.15 per cent; three-months 9.40-9.50 per cent; six-months 9.55-9.65 per cent; one-year 9.85-9.95 per cent.

INTERNATIONAL MONEY MARKET

European rates ease

Interest rates continued to decline in Europe yesterday, highlighted by further cuts in Belgian Treasury bill rates and French bill rates. In Brussels the central bank reduced the rate on one- and two-month Treasury certificates by 0.5 per cent to 12.5 per cent, and on three-month bills by 0.25 per cent to 12.75 per cent. The announcement came closely in the wake of Wednesday's cut in the discount and Lombard rates, and marks the second time this week that bill rates have been lowered.

In Paris the Bank of France cut its 10-day Treasury bill discount rate by 0.25 per cent to 11.75 per cent. At the same time the authorities announced a further facility to inject funds into the money market. The Bank of France has offered to buy first category paper, with banks wishing to take advantage submitting paper maturing between August 12-20, August 21-25, and August 26-30. The Bank last bought paper valued on July 21 at a rate of 12 per cent, but yesterday's quarter point cut in the short-term bill discount rate has given rise to speculation that the official intervention may be lowered from the current 12 per cent level.

UK MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 16 per cent (since July 3, 1980)

Day-to-day credit remained in short supply in the London money market yesterday, and the authorities gave assistance on a moderate scale. This comprised moderate purchases of Treasury bills, both from discount houses and banks, and small purchases of local authority bills from the houses. The market was faced with the repayment of Wednesday's large lending and end of month oil payments, which were termed as moderate. On the other hand banks brought forward balances a moderate way above target, and there was a large excess of Government disbursements over revenue transfers to the Exchequer.

In the interbank market overnight loans opened at 17½-17¾ per cent and eased to 16-16¼ per cent before coming back to 17-17¼ per cent.

GOLD

Further fall

Gold fell $14 in volatile trading in the London bullion market, to close at $615-618. It opened at $608-611, and was fixed at $618.00 in the morning, and $614.25 in the afternoon. The metal fell to a low level of $606-$608, and touched a peak of $619-621½.

In Paris the 12½-kilo gold bar was fixed at FFr 83,480 per kilo ($627.47 per ounce) in the afternoon, compared with FFr 83,750 per kilo ($630.72) in the morning, and FFr 83,800 ($637.66) Wednesday afternoon.

GOLD

	July 31		July 30	
Gold Bullion (fine ounce)				
Close	$615-618	(£262-263½)	$629-632	(£267¼-268¼)
Opening	$608-611	(£259½-261)	$634-637	(£267½-269)
Morning fixing	$618	(£264.385)	$636.50	(£268.316)
Afternoon fixing	$614.25	(£262.376)	$629	(£265.525)
Gold Coins				
Krugerrand	$640-643	(£273-275)	$644-647	(£273½-275½)
Mapleleaf	$636-639	(£270-273)	$640-643	(£271-273)
New Sovereigns	$157¼-158¼	(£66½-67½)	$159-160	(£67-68)
King Sovs	$183-185	(£78½-79½)	$182-185	(£77-79½)
Victoria Sovs	$183-185	(£78½-79½)	$182-185	(£77-79½)
French 20s	$160-163		$161-164	
50 pesos Mexico	$761-767		$778-782	
100 Cor. Austria	$603-608		$615-620	
$20 Eagles	$748-750		$755-760	
$10 Eagles	—		—	
$5 Eagles	—		—	

MONEY RATES

NEW YORK

Prime Rate	10¾-11½
Fed Funds	9¾-10
Treasury Bills (13-week)	8.40
Treasury Bills (26-week)	8.45

GERMANY

Discount Rate	7.5
Overnight Rate	9.65
One month	9.55
Three months	9.30
Six months	8.75

FRANCE

Discount Rate	9.5
Overnight Rate	11.75
One month	11.6875
Three months	11.625
Six months	11.4375

JAPAN

Discount Rate	9.0
Call (Unconditional)	12.75
Bills Discount (three-month)	12.6875

LONDON MONEY RATES

July 31 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	10-18	—	—	—	16¼-17	14½-16	—	—	—
2 days notice	—	—	17⅛-17½	—	—	—	—	—	—	—
7 days or 7 days notice	—	17¼-17½	17⅜-17½	—	18	17⅜-17¾	15⅞-16	—	—	—
One month	16[illegible]-16½	16[illegible]-17[illegible]	16½-16¾	17⅜-17⅝	17⅜	17-17⅛	15¾-15⅞	14[illegible]-14[illegible]	16[illegible]-16½	16¾
Two months	16[illegible]-16	16⅜-16½	—	16⅜-16¾	16¾	—	15-15⅛	14⅝-14[illegible]	15[illegible]-15⅞	16¼
Three months	15⅞-15⅝	15⅞-16	15½-15¾	16-16¼	16¼	16-16¼	14¾	14[illegible]-14¾	15[illegible]-15¼	15¾
Six months	14⅝-14½	14⅝-14¾	14¼-14⅝	14¼-14½	15	15	—	—	13⅝	14⅛
Nine months	14[illegible]-13[illegible]	13⅞-14	—	14-14⅜	14¼	14½	—	—	—	—
One Year	13⅝-13[illegible]	13½-13⅝	13⅜-13¾	13⅝-14	13⅞	14½	—	—	—	—
Two years	—	—	13-13⅜	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13-13¼ per cent; four years 12⅞-13¼ per cent; five years 12¾-13⅛ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⁹⁄₁₆-14⅝ per cent; four-month trade bills 15⅛ per cent.

Approximate selling rate for one-month Treasury bills 14⁷⁄₁₆-14⁹⁄₁₆ per cent; two-months 14½-14⁹⁄₁₆ per cent; three-months 14⁹⁄₁₆-14⅝ per cent. Approximate selling rate for one-month bank bills 15⅞-15¾ per cent; two-months 15⅝-15¾ per cent; three-months 15-15⅛ per cent; one-month trade bills 16¾ per cent; two-months 16 per cent and three-months 15½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from August 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.4263 per cent.

APPOINTMENTS

Fisons' fertiliser division director

Mr. H. J. Blackboro has been appointed a main Board director of FISONS from August 1 when he takes over as director-in-charge of the company's fertiliser division. He was formerly managing director of Fisons pharmaceutical division. Mr. C. Scroggs, managing director of Fisons scientific equipment division, is appointed an associate director.

★

Mr. Robert Thorne has been appointed a local director of BARCLAYS BANK'S London northern district.

★

ANSAFONE has appointed Mr. Reg Woodham as a director from August 1.

★

Mr. Roy Gibbs has been appointed sales director for BBC ENTERPRISES. Currently head of TV sales, he is to take over from Mr. Peter Lord who will be retiring after 22 years with the BBC.

★

Mr. Eric Korner has decided, after 45 years of activity in the City, to retire from business and is relinquishing his appointments in S. G. WARBURG AND CO.

★

Mr. Norman Sussman has succeeded Mr. Edward Rayne as president of the CLOTHING AND FOOTWEAR INSTITUTE.

★

Mr. Nicholas Horsley has been appointed chairman of the BBC's consultative group on industrial and business affairs in succession to Sir Frank Figgures. Mr. Horsley is chairman of Northern Foods and a member of the Dairy Trade Federation. Sir Frank is now the chairman of the BBC's general advisory council.

★

Mr. Rex Chester has been appointed to the main board of TRICENTROL as a non-executive director. He is currently executive chairman of the Donald Macpherson Group.

★

Following ALBRIGHT AND WILSON'S acquisition of a 40 per cent interest in the Philippines company Polyphosphates Inc., Dr. S. C. Clarke has been appointed senior vice-president and general manager in Manila.

★

The Trade Secretary has appointed Mr. E. B. O. Sherlock, general manager and actuary of the Equitable Life Assurance Society, to be a member of his PANEL OF INSURANCE ADVISERS. The vacancy on the Panel occurs as a result of the retirement of Miss M. C. Allanach of the Prudential.

★

Mr. N. A. Shuker, becomes a partner in HYMANS ROBERTSON AND CO., consulting actuaries.

★

Mr. R. J. Easton and Mr. D. J. Hillbery have been appointed deputy general managers and Mr. R. E. Bennett assistant general manager at INTERNATIONAL COMMERCIAL BANK, following the retirement of Mr. H. J. Patten.

★

Mr. Nigel R. L. Hudson has been appointed general manager of CREDITANSTALT BANKVEREIN, London branch. Dr. K. Guenther has been appointed joint general manager and Mr. T. White, senior manager, treasury and foreign exchange.

★

Mr. G. A. Naggar, Mr. R. E. Artus and Mr. C. M. Keyser, all directors of Keyser Ullmann Holdings, have been appointed non-executive directors of THE CHARTERHOUSE GROUP.

★

SOLICITORS' LAW group chairman, Mr. Richard Hodges, has resigned and will be replaced by Sir Edward Singleton, as non-executive chairman and Mr. John Swanborough as group managing director.

★

Mr. Alan Prior has been appointed sales director, CHUBB ALARMS. Other executives taking new responsibilities are Mr. Roger Croucher, financial director; Mr. Terry Ryan, deputy financial director; Mr. David Matthews, marketing manager; and Mr. Peter Wells, deputy operations director. Mr. Michael Collier is appointed assistant general manager for the London region.

★

Mr. Ralph Lee has been appointed managing director of REED STENHOUSE MANAGEMENT SERVICES. He will retain his other appointments with the exception of the secretaryship of Reed Stenhouse Ltd. Mr. James W. Gilchrist has been appointed company secretary, and retains his other appointments with the exception of the secretaryship of Reed Stenhouse Benefit Consultants, of which Mr. Bryan Bell becomes company secretary, retaining his other appointments.

★

LYLE SHIPPING COMPANY has appointed Mr. Donald C. Macpherson a director. He is a director of Hogarth Shipping Company and a partner in the stockbroking firm of Fielding Newson-Smith and Co.

★

Mr. J. I. Gordon has been appointed manufacturing director of AVELING BARFORD, joining the company from Massey Ferguson. Mr. P. G. Shaw is appointed parts and service director, joining the company on August 14, also from Massey Ferguson. Aveling Barford is a BL subsidiary.

★

Mr. W. Makinson, recently retired managing director of the National Research Development Corporation, has joined the Board of FULMER COMPONENTS, a subsidiary of Fulmer Research Institute.

★

Mr. Peter Hurst, since 1977 chief manager of NATIONAL WESTMINSTER BANK'S Hong Kong branch, has been appointed senior regional manager in the Asia and Australasia regional office based in the City of London. He is succeeded by Mr. Colin J. Hood, formerly head of shipping section, corporate financial services department in London.

NORTH AMERICAN NEWS

Massey funding deal near

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

MASSEY-FERGUSON'S urgent quest to raise $500m new equity appears to be close to being resolved. Mr. Victor Rice, chairman and chief executive of the worldwide tractor manufacturer, said this week that he expects to bea ble to announce the detils early in September when the group's third quarter results are released.

It is likely that the equity package will consist of four elements: hte company's main shareholder, Argus Corporation, and the Canadian Imperial Bank of Commerce — main bankers to Argus and Massey-Ferguson—will subscribe to at least half of the stock issue. The balance will be raised through a priavte placement, with an unidentified investor and through a rights issue to current shareholders.

Mr. Conrad Black, head of the Argus Corporation, has been quoted in the past as saying that he would subscribe "up to $150m" of the equity being sought by Massey-Ferguson. Argus's present stake in Massey is 16 per cent.

Massey-Ferguson's finances have been under considerable strain recently, with bank borrowings close to C$1bn. The group's profit recovery in 1978-1979 was not maintained in the first half of the current year. Net income declined from US$34.258m to US$231m over the comparable period.

The third quarter will reflect the severe down turn in demand for farm equipment in North America this year. Although the fundamental factors relating to farm purchases have improved slightly over the past two months, notably the drop in interest rates, the new problem of the drought in the southern U.S. may again depress sales for the autumn.

Mr. Rice has been travelling extensively in order to try to raise th efinance, and has hinted that if it could not be done through the private sector, he would have to go to the Government. The exact nature of the Argus involvement will not be clear until next month, but the outline of the package given by Mr. Rice thisw eek appears to replace an earlier plan under which Argus would have subscribed for a substantial private placement of convertible preferred shares. Under this plan, Argus would have ended up with a holding of between 35 and 40 per cent in Massey-Ferguson.

Record second quarter loss for Braniff

By Ian Hargreaves in New York

BRANIFF INTERNATIONAL reports a record quarterly loss of $47.7m and reveals it has agreed to sell 15 of its Boeing 727-200 jets to American Airlines in a deal thought to be worth between $120m and $140m.

Braniff said that since the end of the disastrous second quarter, it had sold $180m worth of surplus aircraft and parts. Capital gains from the sales, it said, would "more than offset" the second quarter loss.

What has happened, in fact, is that Braniff, unable to raise cash from other sources, has been forced to retrench in order to cover losses which totalled $69.6m in the first half of the year. In 1979 there was a half-year profit of $16.9m.

No details were available on the sales of 727s to American, but Avmark, a Washington-based consultant, estimated the value of each aircraft at around $8m.

The history of Braniff's problems is well summarised in its latest earnings statement, which shows that in spite of increasing sales 8 per cent in the second quarter to $374m and over 18 per cent to 746m in the first half, it has plunged further into the red.

Strong gain for Allied Chemical

BY DAVID LASCELLES, IN NEW YORK

ALLIED CHEMICAL, the large energy and chemicals group with North Sea interests, yesterday reported a sharp gain in second quarter earnings, because of its oil and gas operations.

Net income was $73m or $2.02 a share, up from $39.2m or $1.37 a share. Sales were $1.36bn, compared to $938.8m in the same period last year.

Mr. Edward Hennessy, who has been shaking the company up since he became chairman last year, indicated that the U.S. recession had hit the chemicals side of the business, but that a fall-off in earnings there had been more than offset by increases from North Sea oil and Indonesian natural gas, and some chemical products.

He added: "We expect our oil and gas operations will continue to be strong and will help improve on our 1979 performance. How substantial the improvement turns out to be will depend on the strength of the economy in the second half."

Allied said that the weakness of the dollar against sterling resulted in an after-tax foreign exchange loss of 32 cents a share for the second quarter, compared to 18 cents last year.

The company's effective tax rate was also higher, partly because of the increase in the British Petroleum revenue tax, though the company had not included in its calculations any anticipated benefits from the implementation of the U.S.-UK tax treaty.

Allied Chemical's six months earnings were $141.2m or $4.08 a share, more than double last year's $67.1m.

In 1979, the company earned 70 per cent of its total earnings of $176m from oil and gas operations, with chemicals turning in a further 10 per cent, fibres and plastics 14 per cent.

Royal of Canada raises Belgian bank share stake

BY OUR FINANCIAL STAFF

ROYAL BANK of Canada is to acquire a majority shareholding in a small Belgian bank, Banque Belge pour l'Industrie which has total assets of around $350m.

The Royal—Canada's largest chartered bank—has actively added to its European base over the past year or so. It has purchased interests in two German banks and acquired a consumer finance group in the UK.

Banque Belge operates from a branch in Antwerp and concentrates exclusively on commercial, as opposed to consumer, business.

The Royal is increasing its shareholding from 25 per cent —which it bought for $4.5m in 1968—to 62.5 per cent through a deal with the present controlling shareholder, the Empain Schneider group of France.

Socal boosts earnings

By Our Financial Staff

STANDARD OIL of California (Socal) pushed net profits $152m higher to $535m in the second quarter. Earnings per share came out at $3.13 against $2.24 and revenues were $10.6bn against $7bn.

After six months, net profits were ahead from $726m, or $4.25 a share, to $1.16bn, or $6.80 a share. Sales for the six months totalled $21.1bn compared with $13.9bn.

INTERNATIONAL CAPITAL MARKETS

Ecuador raises $200m Eurocredit

By Our Euromarkets Staff

THE REPUBLIC of Ecuador is raising a $200m, seven-year Eurocredit to consolidate existing borrowings by the Government and state agencies. The credit is being coordinated by Lloyds Bank International (LBI) and carries a margin of ¾ per cent over Libor.

Terms on the credit are the same as those on a $150m credit arranged by LBI for Ecuador at the start of the year and eventually signed last week.

The credit thus breaks no new ground for margins on Ecuador's borrowings but because it is being used to consolidate existing debt it represents efforts by the Quito Government to instil more order in the country's foreign borrowing.

Lead managers for the transaction are Amsterdam-Rotterdam Bank, Commerzbank, National Westminster, Gulf International, Mellon Bank and National Commercial Bank (Saudi Arabia).

The credit enters syndication today for about three weeks. Ecuador's outstanding external debt at the start of the year was about $2bn. This total is expected to rise by about $1bn during the year.

The increase includes some drawdown of loans arranged last year as well as new financing made available this year. Most of the expected requirement will have been covered once the new $200m transaction is complete.

GPU reverse

General Public Utilities, operator of the trouble-hit Three Mile Island nuclear power plant, had a second quarter loss of $8.4m, against a profit last year of $19.9m, writes our Financial Staff. This lowered half-year profits from $55.7m to $8.7m or from 91 cents to 14 cents a share.

Credit Lyonnais pulls out of Venezuelan financing

BY PETER MONTAGNON

CREDIT LYONNAIS has decided to pull out of the $1.8bn Eurocredit for Venezuela which is due to be signed today, because problems surrounding a previous loan to a Venezuelan corporation called into default earlier in July have still not been resolved.

Venezuela's Minister of Finance, Dr. Luis Ugueto, confirmed in London yesterday that the French bank's commitment to the "jumbo" credit is being taken over by Commerzbank.

He also categorically denied rumours in international banking circles that Venezuela's Director of Public Credit, Sr. Hernan Oyarzabal, is to resign shortly. Sr. Oyarzabal, who also denied the rumours, is the Finance Ministry official responsible for handling Venezuela's foreign debt.

He has thus been at the centre of controversy over the propensity of Venezuelan state agencies to fall behind with payments due on short term international debt. Protests from international banks reached such a pitch during the course of the "jumbo" negotiations that he paid a special visit to Europe to reassure bankers that action was being taken to resolve the situation.

But Credit Lyonnais has still not received payment on a $13m credit arranged in 1975 for CVG-Fesilven, a Franco-Venezuelan venture set up to produce ferro-silicone. This loan is now in default, preventing the French bank from participating in the "jumbo." Its total exposure to the CVG-Fesilven venture is put at some $20m.

The $1.8bn "jumbo" credit has been a conspicuos success in the syndication market having been raised from an original target of only $1.2bn to make it one of the largest single credits ever negotiated.

International bankers say, however, that the public interest focused on Venezuela's short-term debt problems during the "jumbo" negotiations has impaired the country's image in international capital markets.

Venezuela does now appear to be making strenuous efforts to restore order to borrowing in this sector. Bankers say that it is vital the efforts succeed since fundamentally Venezuela with its oil wealth is considered a very good credit risk.

Credit Lyonnais' share of the "jumbo" was set at a maximum $50m. The credit carries a split ⅝-¾ per cent margin over seven years.

Dollar bond prices fall sharply

BY NICHOLAS COLCHESTER

U.S. ECONOMIC indicators, dollar interest rates and the dollar exchange rate combined to produce an air-pocket for the dollar Eurobond market yesterday. With a lurch which one trader described as "quite wild" dollar bond prices dropped by an average of ¾ of a point.

Since the end of last week the six-month Eurodollar rate has gone from 9 per cent to 10½ per cent and the dollar has responded. The signs of higher economic activity, inflation and interest rates prompted an off-loading of dollar bonds, particularly the less than adequately placed, more recent issues.

The Continental Illinois bond was weak, falling from 93¼ to a mid price of 91⅞ at the end of the day. Another prime name, Citicorp, also dropped by a substantial 1¼ points to 93. The bond for British Oxygen sank about a point to 89¼.

Against the background of a gilt edged market which dropped by more than two points in two days the new sterling denominated foreign bond for Denmark acquitted itself quite well on its first day of trading. The price last night of the first £30 per cent tranche of the partly paid bond was 18¼, implying a price for the fully paid bond of 96¼ compared with an issue price of 98.

The Swiss franc secondary bond market was weaker yesterday by around ¼ of a point. Dealers attributed this to a strong dollar, which has gained around five centimes during the past two days. Union Bank of Switzerland launched a SwFr 50m privately placed convertible issue for the Casio Computer Company. This five-year paper carries a coupon of 5¼ per cent and a conversion premium of 9.9 per cent.

The Tokyo Sanyo Electric Company of Japan is issuing a SwFr 30m public convertible issue through the Kuwait International Investment Company and Daiwa (Europe). The terms on the 10-year bonds include a 7¼ per cent coupon priced at par.

Any fall in prices on the Deutsche Mark bond market attributable to the strong dollar was offset by yesterday's news of a declining German inflation rate. Good demand was reported by traders and there was no sign that the extraordinary amount of new paper on the market had outgrown investors' appetites.

AMERICAN QUARTERLIES

H. F. AHMANSON

	1980 $	1979 $
Second quarter		
Revenue	337.8m	395.7m
Net profits	4.6m	29.9m
Net per share	0.20	1.30
Six months		
Revenue	667.3m	579.3m
Net profits	25.3m	58.3m
Net per share	1 10	2.54

AMERICAN PETROFINA

	1980 $	1979 $
Second quarter		
Revenue	484.1m	356.2m
Net profits	25.12m	16.24m
Net per share	2.33	1.52
Six months		
Revenue	1.02bn	701.9m
Net profits	56.53m	27.59m
Net per share	5.25	2.58

AMERICAN STANDARD

	1980 $	1979 $
Second quarter		
Revenue	687.0m	613.0m
Net profits	36.0m	34 0m
Net per share	2 61	2 44
Six months		
Revenue	1.37bn	1.19bn
Net profits	81.0m	68.0m
Net per share	5.83	4.86

AQUITAINE OF CANADA

	1980 $	1979 $
Second quarter		
Revenue	79.1m	48.0m
Net profits	19.2m	11 1m
Net per share	0.90	0.51
Six months		
Revenue	139.4m	89.8m
Net profits	36.6m	16 2m
Net per share	1.70	0.75

BANGOR PUNTA

	1980 $	1979 $
Third quarter		
Revenue	178.7m	212 2m
Net profits	10 84m	9.53m
Net per share	2.19	1.91
Nine months		
Revenue	584.9m	600.1m
Net profits	28.03m	24.07m
Net per share	5.87	4.81

BROWNING-FERRIS INDUSTRIES

	1980 $	1979 $
Third quarter		
Revenue	144.0m	118.0m
Net profits	9.4m	7 82m
Net per share	0.51	0.42
Nine months		
Revenue	405.0m	330.0m
Net profits	24.92m	20.56m
Net per share	1.36	1.12

DOMTAR

	1980 $	1979 $
Second quarter		
Revenue	400.7m	381.2m
Net profits	20 2m	21.3m
Net per share	1.14	1.42
Six months		
Revenue	821 9m	715.7m
Net profits	49.0m	43.3m
Net per share	3.06	2.90

DU PONT CANADA

	1980 C$	1979 C$
Second quarter		
Revenue	247.6m	223.4m
Net profits	13.58m	13.03m
Net per share	1.72	1.64
Six months		
Revenue	482.2m	417 6m
Net profits	26.24m	21.73m
Net per share	3.32	2.74

EMERY AIRFREIGHT

	1980 $	1979 $
Second quarter		
Revenue	135.5m	138.0m
Net profits	4.9m	8.3m
Net per share	0.32	0.54
Six months		
Revenue	273 4m	258.4m
Net profits	10.8m	14.0m
Net per share	0.70	0.91

FIELDCREST MILLS

	1980 $	1979 $
Second quarter		
Revenue	123.1m	125.5m
Net profits	3 1m	5.5m
Net per share	0.81	1.49
Six months		
Revenue	240.0m	229.7m
Net profits	6.1m	10.2m
Net per share	1.63	2.71

NALCHO CHEMICAL

	1980 $	1979 $
Second quarter		
Revenue	150.2m	136.9m
Net profits	17.6m	15.6m
Net per share	0.88	0.78
Six months		
Revenue	297.6m	273.5m
Net profits	33.8m	30.9m
Net per share	1.69	1.55

RELIANCE GROUP

	1980 $	1979 $
Second quarter		
Revenue	333.5m	302 9m
Net profits	15.1m	17.1m
Net per share	2.07	1.67
Six months		
Revenue	664 7m	595.5m
Net profits	37.8m	32.8m
Net per share	4.82	3.24

REVCO DS

	1980 $	1979 $
Fourth quarter		
Revenue	353.3m	298 4m
Net profits	12.89m	11.31m
Net per share	0.95	0.84
Year		
Revenue	1.1bn	927.5m
Net profits	38 92m	33.64m
Net per share	2.88	2.51

SOUTHLAND

	1980 $	1979 $
Second quarter		
Revenue	1.21bn	959.6m
Net profits	24 61m	23.49m
Net per share	1.07	1.12
Six months		
Revenue	2 22bn	1.77bn
Net profits	30.69m	45.13m
Net per share	1.34	1.41

SUPERIOR OIL

	1980 $	1979 $
Second quarter		
Revenue	350.6m	258 9m
Net profits	68.64m	48.59m
Net per share	2.70	2.42
Six months		
Revenue	680.9m	478.1m
Net profits	159.2m	88.9m
Net per share	6.31	4.44

TOTAL PETROLEUM (N. AMERICA)

	1980 $	1979 $
Second quarter		
Revenue	326.5m	205.4m
Net profits	18.29m	4.59m
Net per share	0.89	0.28
Six months		
Revenue	641.1m	379 4m
Net profits	26.36m	9.32m
Net per share	1.28	0.57

TRANSCO

	1980 $	1979 $
Fourth quarter		
Revenue	601.3m	351 8m
Net profits	27.23m	16.41m
Net per share	1.15	0.71
Year		
Revenue	2.0bn	1.2bn
Net profits	92.39m	58.59m
Net per share	3.98	2.55

WESTERN AIRLINES

	1980 $	1979 $
Second quarter		
Revenue	237.7m	241.3m
Net profits	†5.4m	14.0m
Net per share	†0.45	1.03
Six months		
Revenue	469 9m	461.9m
Net profits	†14.2m	26.7m
Net per share	†1.19	1.96

† Loss

WHITE CONSOLIDATED INDUSTRIES

	1980 $	1979 $
Second quarter		
Revenue	529.9m	581.0m
Net profits	9.73m	17.44m
Net per share	0.64	1.42
Six months		
Revenue	1 05bn	1.02bn
Net profits	23 66m	29 46m
Net per share	1.60	2.36

هكذا من الأصل

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on July 31

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	50	89¼	89⅞	−0⅛	−2¼	12.63
CECA Grad. Rate 12 86	100	97¾	98¼	−0⅜	−0½	11.65
CECA 11⅝ 90	50	96½	97	0	−2¼	12.19
CECA 11½ 88	100	98½	99	−0¾	−1⅝	11.73
Citicorp O/S Fin. 10 85	300	94⅛	94⅝	−0⅜	−1⅝	11.32
Con. Illinois O/S 9¾ 86	150	93⅜	93⅞	−0⅛	−0⅝	11.27
Denmark 11¾ 90	100	97⅛	97⅝	−0⅜	−1⅜	12.18
Dome Petroleum 13½ 92	50	101⅛	101⅝	−0½	−1⅜	13.19
EEC 11 95	75	93⅝	94⅛	−1½	−2⅛	11.86
EIB 11⅜ 92	80	94½	95	−1⅞	−2⅞	12.61
EIB 13¾ 90	100	105⅛	105⅝	−0⅜	−1⅜	12.71
Eksportfinans 11¼ 87	50	98⅞	99⅜	−0⅛	−0⅝	11.41
Eksportfinans 9¾ 87	75	90⅞	91⅜	−1⅛	−1⅝	11.41
Elec. de France 10 88	125	94⅛	94⅝	−0⅜	−1⅜	11.07
Export Dv Cpn. 12¾ 87	100	105⅛	105⅝	−0½	−1⅜	11.51
Export Dev. Cpn. 9¾ 86	150	94⅛	94⅝	−0½	−1⅝	10.89
Federal Dev. Bk. 12¼ 85	75	103⅜	103⅞	−0⅜	−1	11.27
Fin. Exp. Credit 10½ 85	50	96⅞	97⅜	−0⅛	−1⅜	11.28
Finland, Rep. of 9½ 86	100	90⅞	91⅜	−0½	−1⅛	11.75
Ford O/S Fin. 12⅝ 85	250	99	99½	−0⅜	−1⅜	12.81
George Weston 13½ 87	30	101⅛	101⅝	−0⅞	−1⅛	13.16
GMAC O/S Fin. 11 84	100	98⅞	99⅜	−0⅜	−1⅜	11.30
GMAC O/S Fin. 13⅜ 85	100	105	105½	−0⅜	−1	11.81
Goodyear O/S 12½ 87	75	97⅞	98⅜	−0½	−1½	12.96
Hudson's Bay 11½ 90	75	97⅛	97⅝	−0⅛	−1⅛	11.95
IBM Canada 10½ 85	50	98⅞	99⅜	−0⅛	−0⅜	10.73
ICI Fin. Ned. 11 83	100	99⅞	100⅜	−0⅛	−0½	10.91
McGraw 13¼ 85	75	101⅛	101⅝	−0½	−1⅜	12.98
Norwest Ind. 13¾ 87	50	100⅛	100⅝	−0½	−0⅞	13.47
Nova Scotia 10¾ 90	50	92½	92⅞	−1⅜	−2⅜	12.10
OKB 10 85	50	97	97½	−0⅜	−1	10.74
Pembroke Capital 9¾ 87	100	93	93½	−0⅛	−1	11.06
Pemex 11½ 88	100	96½	97	−0⅛	−1⅝	12.15
Quebec Hydro 11½ 92	100	95⅞	96⅜	−0⅛	−1⅛	12.12
Repsteel O/S 11½ 88	100	91⅜	91⅞	−0⅜	−2⅜	13.26
Roylease Ltd. 11¾ 85	50	99½	100	−0½	−0⅜	11.30
SNCF 12¾ 85	50	104⅛	104⅝	−0⅛	−0⅝	11.12
Swed. Ex. Cred. 12½ 85	40	102	102½	−0⅞	−1⅛	11.82
UB Finance BV 11 90	50	89⅞	90⅜	−0⅜	−3	12.85
Unilever NV 9¾ 90	100	89⅛	89⅝	−1⅛	−1⅞	11.56
World Bank 9⅝ 85	200	95⅝	96⅛	−0⅛	−1⅛	10.83
World Bank 10¼ 87	300	95⅞	96⅜	−0⅛	−1⅛	11.07

Average price changes... On day −0⅛ on week −1½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	103⅛	104⅛	+0½	+0⅛	8.41
Australia 8¼ 90	250	103⅛	104	+0⅛	+1	7.57
BFCE 7¾ 87	100	99½	100¼	+0⅛	+0⅞	7.76
BFCE 8⅝ 95	100	100⅝	101⅛	0	+0⅛	8.03
Brazil 8 87	150	93⅝	94⅛	0	0	9.23
Council of Eur. 7⅝ 89	100	96⅞	97⅜	+0⅛	+1⅛	7.69
Denmark 7⅞ 86	100	99⅛	100	+0⅛	+0⅛	7.94
Denmark 8¼ 92	100	99⅛	100	−0⅛	−0⅛	8.29
EEC 7⅞ 94	225	99⅝	100⅛	−0⅛	+0⅛	7.88
EIB 7½ 89	200	98½	98⅞	+0⅛	+0⅛	7.73
Finland, Rep. of 8 86	150	99⅞	100⅛	0	+0⅛	7.99
Kobe, City of 7½ 89	150	95⅛	96⅛	0	+0⅛	7.72
Kobe, City of 8 90	100	100⅞	101⅛	0	−0⅛	7.85
Mt. Bk. Denmark 8½ 90	150	100⅞	101⅛	−0⅛	+0⅛	8.33
Norway 7½ 85	250	100⅛	101	+0⅛	+0⅛	7.31
OKB 7¾ 89	100	96½	97⅛	+0⅛	+0⅛	7.86
OKB 8¼ 92	150	101⅛	102	+0⅛	+0⅛	8.03
Oslo, City of 8⅝ 90	80	102½	103⅛	−0⅛	0	8.29
Sweden 8⅝ 87	200	107⅛	108⅛	0	0	8.18
World Bank 7⅞ 91	400	99⅛	99⅝	+0⅛	+0½	7.82
World Bank 7⅞ 90	250	99½	100	−0⅛	−0⅞	7.90
World Bank 10 85	150	109⅝	110⅛	0	0	7.82
World Bank 10 90	200	112⅝	113⅛	+0⅛	+0⅛	8.03

Average price changes... On day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 88	80	94⅛	95⅝	0	+2	6.25
Bergen, City of 4⅝ 91	40	94⅛	94⅝	−0⅛	−0⅛	5.43
Bergen, City of 6 90	50	104	104⅛	+0⅛	0	5.44
BNDE 5 89	75	85⅛	85⅝	−0⅛	−0⅛	7.23
BMW Overseas 4⅞ 91	100	93	93⅛	0	−0⅛	5.07
Buhrm'n-Tetterode 7 90	40	106	106½	−0⅛	−0⅞	6.13
Caisse Nat. Tele. 4⅞ 89	100	94½	94⅝	+0⅛	−0⅛	5.13
Copenhagen 4½ 91	60	90⅝	90⅞	−0⅛	−0⅛	5.64
Council of Eur. 5 89	100	95⅛	95½	0	−0⅛	5.65
Denmark 5¾ 90	80	100⅛	100⅝	−0⅛	−0⅛	5.71
EIB 4½ 91	100	92⅛	93⅛	0	+1⅛	5.36
EIB 4½ 94	100	88	88½	0	0	5.60
Elec. de France 4⅝ 88	100	94½	95	0	0	5.12
F. G. H. Hypo. Bk. 6 90	50	†104	104½	0	−0⅛	5.43
GZB 4⅞ 89	100	92	92½	0	+0⅛	5.35
Hilti 4½ 91	35	93⅛	94	+0⅛	−0⅛	5.00
Int.-Amer. Dev. 4½ 89	100	91½	91⅞	−0½	−0⅛	5.71
Int.-Amer. Dev. 7 90	80	106½	107	+0⅛	−0⅛	6.06
Jutland Tele. 5½ 90	50	100⅛	100⅝	−0⅛	−0½	5.46
Malaysia 5 89	80	89	89⅛	−0⅛	+0⅛	6.61
Neweg 5⅛ 90	80	102	102⅛	−0⅛	−0⅛	5.47
Nippon Tel. & T. 4⅞ 89	100	95	95½	+0⅛	+1	4.90
Nordic Bank 5 89	45	97⅛	98½	+0⅛	−1⅛	5.27
Norges Komm. 4⅞ 91	100	92⅛	92⅝	0	−0⅛	5.29
OKB 4⅞ 91	100	92⅛	92⅝	+0⅛	+0⅛	5.29
OKB 6 90	100	103⅛	103½	+0⅛	−0⅛	5.53
Oslo, City of 4⅞ 91	100	90⅛	90⅝	−0⅛	−0⅛	5.56
Sekisui Pre. Hms. 6 90	80	102⅛	103	−0⅛	−0⅛	5.61
Shikoku El. Pwr. 4⅞ 89	100	96	96½	0	−0⅛	5.28
World Bank 4⅞ 89	100	96½	97	0	−0⅛	5.08
World Bank 4⅞ 89	150	91½	92	−0½	−0⅛	5.55
World Bank 4⅞ 91	100	92⅛	92⅞	0	−0⅛	5.50

Average price changes... On day 0 on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91⅞	93½	0	0	8.37
Australia 6½ 88	20	87⅝	88⅞	+0⅛	+0⅛	8.67
EIB 7⅛ 89	12	95⅜	97⅛	0	−0⅛	8.33
Finland 5.6 83	10	91⅛	92⅛	0	0	8.62
Finland 6.8 88	10	88⅛	89½	+0⅛	+0⅛	8.88
Finland, Rep. of 8⅛ 87	15	96⅛	97⅛	0	−0⅛	8.97

Average price changes... On day +0⅛ on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 86 C$	50	94⅞	95⅜	−0⅞	−1⅛	11.8
CIBC 13½ 85 C$	50	102⅞	103⅜	−0⅛	−1	12.6
CIBC 11½ 85 C$	60	96⅞	97⅜	−0⅛	−1½	12.3
Federal Dev. 11½ 90 C$	60	95⅛	96⅛	−0⅛	−0⅞	12.3
Fst. Can. Inv. 10 84 C$	50	92½	93	−0⅛	−1⅛	12.8
GMAC 12 85 C$	50	†98	98½	−0⅛	−1⅛	12.4
R. Bk. Canada 10 86 C$	40	93½	94	−0⅛	−1⅛	11.8
Tordom Cpn. 13½ 85 C$	30	†102⅛	102⅝	−0⅛	−1⅛	12.3
M. Bk. Dnmk. 9 91 EUA	25	93⅝	94⅛	+0⅛	+0⅛	9.8
SOFTE 8¼ 89 EUA	40	88	89⅛	+0⅛	+0⅛	10.2
U. Bk. Nrwy. 9½ 90 EUA	18	98⅛	99⅛	+0⅛	+0⅛	9.8
Algemene Bk. 8¼ 84 Fl	75	96⅝	97⅛	0	−0⅛	9.1
Algemene Bk. 10¼ 87 Fl	400	102	102½	+0⅛	+0⅛	9.8
Bk. Mees & H. 10 85 Fl	75	101	101½	+0⅛	+0⅛	9.6
Heineken NV 10 87 Fl	75	101½	102	+0⅛	+0⅛	9.6
Ned. Gasunie 8¾ 84 Fl	50	100⅛	101⅛	+0⅛	+0⅛	8.0
Norway 8¾ 84 Fl	100	97⅛	97⅝	+0⅛	+0⅛	9.0
Philips Lamps 8¼ 84 Fl	75	97⅛	97⅝	+0⅛	−0⅛	9.1
Air France 11 84 FFr	120	96⅞	97⅜	+0⅛	+0⅛	11.9
CECA 14¼ 86 FFr	150	107	108	0	+0⅛	12.3
Euratom 9⅞ 87 FFr	150	85⅛	86⅛	+0⅛	0	13.0
Finland 11 84 FFr	80	95⅛	96⅛	+0⅛	+0⅛	12.3
Finland 11½ 89 FFr	70	93⅜	94⅜	+0⅛	+0⅛	12.6
Gaz de France 11 84 FFr	150	96⅛	96⅞	+0⅛	+0⅛	12.1
IBM France 11⅞ 84 FFr	120	97⅛	98⅛	−0⅛	−0⅛	12.4
Renault 9⅞ 85 FFr	100	87⅛	88⅛	+0⅛	+0⅛	13.2
Saint-Gobain 9⅞ 86 FFr	130	86⅛	87⅛	0	+0⅛	13.17
Solvay et Cie 9¾ 87 FFr	125	84⅞	85⅞	+0⅛	+0⅛	13.13
Beneficial Fin. 14¼ 90 £	20	100	100½	−1⅛	−2⅛	14.17
Citicorp O/S 13½ 90 £	50	100⅛	100⅝	−0⅛	−1⅛	13.36
EIB 11½ 91 £	25	93⅞	94⅞	−0⅛	−2⅛	12.50
Fin. for Ind. 12¾ 89 £	30	99⅛	99⅝	−0⅛	−0⅛	12.73
Fin. for Ind. 14½ 88 £	20	103⅞	104⅞	−0½	−0⅛	13.57
Gen. Elec. Co. 12½ 89 £	50	98⅛	99⅛	−0⅛	−0½	12.8
Swed. Ex. Cr. 15¼ 85 £	20	104⅞	105⅞	−0⅛	−1	13.61
Banobras 8¾ 90 KD	7	†95⅛	96⅛	0	0	8.93
CCCE 8¼ 91 KD	10	†93⅛	94⅛	0	−0⅛	9.81
Mitsubishi 7½ 84 KD	10	†94⅛	95	0	−0⅛	9.17
Sonatrach 8½ 90 KD	12	†94⅛	95	0	−0⅛	9.35
Akzo 9¼ 87 LuxFr	500	95⅛	96⅛	+0⅛	+0⅛	10.12
Euratom 8 87 LuxFr	500	89⅛	90⅛	0	0	10.59
Euratom 9⅞ 88 LuxFr	500	98⅛	99⅛	−0⅛	−0⅛	10.09
EIB 9⅞ 88 LuxFr	600	98⅛	99⅛	+0⅛	+0⅛	9.97
Volvo 9¾ 87 LuxFr	500	96⅛	97⅛	+0⅛	+0⅛	10.35

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk 5¼ 87	0¼	98¼	98¾	2/1	10.44	10.61
Bank of Ireland 5¼ 89	‡0¼	97⅞	98⅛	21/8	11.18	12.05
Bank of Tokyo 5¼ 89	‡0¼	96⅞	97⅛	25/10	16.56	17.05
Barclays O/S Inv. 5 90	0¼	97⅝	98⅛	13/12	9⅝	9.83
Bergen Bk. A/S 6 89	‡0¼	97	97½	29/8	10	10.3
Bilbao Int. NV 5¾ 90	0¼	96⅞	97⅜	29/11	10.06	10.36
Citicorp O/S F. 83	§‡0	99	99½	23/8	10.19	10.26
Citicorp O/S F. 84	‡0	98⅜	98⅞	30/7	9.69	9.82
C. Itoh 5¼ 87	0¼	99⅜	99⅞	18/9	19.44	19.51
Co-operative Bk. 6 88	0¼	98¼	98¾	15/11	11.44	11.6
Creditanstalt 5½ 91	§‡0¼	97	97½	14/9	9.44	9.7
CNT 5¼ 86	§0¼	100½	101	16/10	18⅛	17.9
GZB 5½ 89	‡0¼	97⅞	98⅛	1/8	15¼	15.6
Jugobanka 8 89	0⅞	90⅛	92⅛	23/11	11⅛	12.7
Ind. Bank Japan 5¼ 87	0¼	99⅛	100⅛	15/10	18⅛	18.3
Lloyds Eurofin 8 90	0¼	97⅝	97⅞	3/1	15⅛	15.5
LTCB Japan 5¼ 85	0¼	98⅝	98⅞	13/12	9⅝	9.7
LTCB Japan 5½ 89	0¼	98⅜	98⅞	7/12	10⅛	10.3
Mfrs. Han. O/S 5¼ 94	‡0¼	97⅛	97⅝	31/8	9⅞	10.1
Midland Intl. Fin. 5 89	0¼	98⅞	99⅜	20/12	9⅛	9.8
Midland Intl. Fin. 5¼ 92	0¼	98⅜	98⅞	5/12	10⅛	11.9
Nacional Fin. 6⅛ 86	0¼	97⅞	98⅜	25/1	9.68	9.87
Nat. West. 5¼ 94	§0¼	99⅜	100⅛	11/10	18⅛	18.2
Nippon Credit 6⅛ 86	0¼	97⅛	97⅝	12/1	9.56	9.8
Nippon Credit 5¼ 87	‡0¼	97⅜	98⅛	6/8	14⅛	14.7
Royal Bk. Scot. 5¼ 94	§‡0¼	97⅛	98⅛	11/10	9.31	9.5
Soc. C. de Bque. 6⅛ 87	0¼	100⅛	100⅝	3/10	20.06	19.9
Standard Chart. 5¼ 90	0¼	99⅜	100⅛	6/9	17⅛	17.2
Svenska Hndlsbk. 5 87	0¼	99⅜	99⅞	15/1	10	10.1
Sweden 8¼ 91	‡0¼	96⅛	96⅝	18/10	18⅛	18.9
Williams & Glyn 5¾ 91	0¼	98⅜	99	14/9	18⅛	18.7
Bq. E. d'Alg. 4⅝ 89 SF	0⅝	90⅛	91⅛	18/12	5⅛	5.7

Average price changes... On day −0⅛ on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktiebolag 7⅛ 89	10/79	145	†120	120½	−4⅛	−5.15
Ajinomoto 7⅛ 95	2/80	815.5	106⅝	107⅝	+0⅛	−1.31
Alco Int. Fin. 9½ 94	1/80	40	95½	96½	−0⅛	25.09
Apache I. Fin. 8⅛ 95	12/80	21.12	114⅛	115⅛	+0⅛	−1.37
Asahi Optical 7 94	11/79	526.1	86½	87	+5	2.2
Blocker Energy 8¼ 96	1/81	21.87	97½	98½	−0⅛	24.28
Canon 6⅛ 94	8/79	570	105⅛	106	+4⅛	3.85
Credit Suisse 4⅛ 93	10/79	1278	107⅛	109⅛	−0⅛	−1.47
Daiei Inc. 6⅛ 94	11/79	927.3	97⅛	98	+0⅛	24.92
DDKK 11 90	4/80	324	106⅛	106⅛	0	−11.25
Dynalectron 9½ 95	8/80	12.22	105½	106½	−1⅛	2.5
Ensearch Fin. 9½ 94	7/80	30.25	125⅛	126⅛	−2⅛	−1.51
Meidensha Elec. 7 94	12/79	210	99	100	+1⅛	12.87
Mitsubishi Cp. 6½ 94	10/79	549.1	119⅛	121	+1	2.36
Nippon Seiko 7¾ 94	12/79	339	†105	105½	+1⅛	1.31
Toshiba Cpn. 7¾ 94	10/79	198	97⅛	98⅛	+3	5.68
Union Bk. Switz. 5 89	2/80	121.4	98⅛	99½	0	3.59
Fujitsu 5 84 DM	7/79	475	102⅛	103½	+0⅛	3.18
Kansai Elec. 4 84 DM	4/79	1210	87⅛	88½	0	40.47
Sharp Cpn. 6½ 89 DM	9/80	595	100⅛	101½	+0⅛	11.85
Uny Co. 6½ 85 DM	11/79	1071	98⅛	99⅛	+0½	25.23

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Announcement by
The Government of Zimbabwe

relating to the following Stocks issued by the

Government of Southern Rhodesia

£456,744	3½% Stock	1961/66
£406,821	4½% Inscribed Stock	1958/68
£3,117,502	3½% Stock	1967/69
£13,166,914	2½% Stock	1965/70
£2,525,562	3% Stock	1971/73
£3,146,977	4% Stock	1972/74
£3,364,229	6% Stock	1976/79
£4,348,813	5% Stock	1975/80
£4,782,115	6% Stock	1978/81
£5,752,840	4½% Stock	1977/82
£3,747,730	3½% Stock	1980/85
£7,753,900	4½% Stock	1987/92

This announcement, dated 1st August, 1980, concerns all present holders of the Stocks listed above (the "Stocks") which were issued in London prior to November, 1965, as well as certain persons registered as holders of the Stocks between 8th November, 1965 and 21st April, 1966. The nominal amounts of the Stocks, set out above, are the amounts at present outstanding on the London Registers after deduction of amounts repaid from Salisbury following maturity. These nominal amounts may be subject to minor adjustments.

1. INTRODUCTION

The Government of Zimbabwe will make Offers to Stockholders in respect of payments of interest or repayments of principal withheld since November, 1965. This announcement does not itself constitute an offer but is intended to describe the main terms of the Offers. Offer documents are expected to be despatched in September, 1980. Arrangements for the resumption of service on Current Stocks (see below) are described in Section 3.

Each of the Stocks has been dealt in on the London market *ex* the rights to the first unpaid instalment of interest due after 21st November, 1965 (collectively the "Initial Arrears of Interest") but *cum* all other rights. Accordingly, separate Offers will be made to the persons who were entitled to the Initial Arrears of Interest on the due dates for payment thereof.

The proposed terms of the Offers have been discussed with the Council of the Corporation of Foreign Bondholders which will recommend Stockholders to accept them. The Government of Zimbabwe has been advised by Morgan Grenfell & Co. Limited, and the Council of the Corporation of Foreign Bondholders, representing the interests of Stockholders, has been advised by Baring Brothers & Co., Limited.

To the extent that the consent of Her Majesty's Secretary of State is required under Article 3(3) of The Southern Rhodesia (Legal Proceedings and Public Liabilities) Order 1979 (as amended) of the United Kingdom to the making of payments set out herein, such consent has been applied for.

2. DEFINITIONS

"Agreement Date"	30th June, 1980.
"Assenting Holders"	Stockholders who assent to the Offers (other than the Offers in respect of the Initial Arrears of Interest).
"Matured Stocks"	The eight Stocks which reached their respective final maturity dates prior to the Agreement Date.
"Current Stocks"	The four Stocks which will reach their respective final maturity dates on 15th January, 1981, 15th September, 1982, 10th September, 1985 and 7th February, 1992.

3. RESUMPTION OF SERVICE ON CURRENT STOCKS

The payment of interest on each Current Stock, in respect of the period from 1st July, 1980, will be resumed on the first normal half-yearly interest payment date in 1981 as follows:—

	Interest payment date	*Number of days*	*Payment (subject to deduction of tax) per £100 nominal*
6% Stock 1978/81	15.1.1981	198	£3.25
4½% Stock 1987/92	7.2.1981	221	£2.72
3½% Stock 1980/85	10.3.1981	252	£2.41
4½% Stock 1977/82	15.3.1981	257	£3.16

Repayment of principal on each Current Stock will be made on its final maturity date, unless that Stock is previously redeemed in accordance with its terms of issue.

The payments referred to in this Section 3 will be made to holders of Current Stocks whether or not they assent to the Offers relating to the arrears of interest thereon.

4. SINKING FUND PAYMENTS

Sinking Fund payments to the Sinking Fund Trustees of the 4½% Stock 1977/82, the 3½% Stock 1980/85 and the 4½% Stock 1987/92 will be resumed in respect of the period after the Agreement Date until these Stocks have been wholly repaid. Such Sinking Fund payments will be made in accordance with the respective terms of issue of these Stocks, save that, for the 4½% Stock 1987/92, payments will be resumed at the rate of 2% per annum of the nominal amount of stock originally issued (instead of 1% as set by the terms of issue).

No Sinking Fund payments will be made in respect of the 6% Stock 1978/81 for the period after the Agreement Date, nor will payments be made in respect of arrears of Sinking Fund obligations on any of the Stocks for the period ended on the Agreement Date.

5. THE OFFERS

(a) Initial Arrears of Interest

Separate Offers will be made to pay the Initial Arrears of Interest (that is to say the first unpaid instalment of interest on each Stock due after 21st November, 1965) by warrant to the persons who were entitled on the due dates to payment thereof as recorded in the London Registers. Payment will be made as soon as possible after the end of September, 1980 to persons who assent to these separate Offers (see Section 10 below). These arrears total approximately £0.91 million.

(b) Remaining Arrears

In respect of the remaining arrears of interest and, in the case of Matured Stocks, arrears of principal, Stockholders will be offered the amounts, per £100 nominal of each Stock, set out in Column C in Table 1 below, and so in proportion for other nominal amounts of each Stock. Such amounts will be discharged partly in cash and as to the balance by the issue of Government of Zimbabwe Settlement Term Annuity 1981/88 (the "Annuity", see paragraph (e) of this Section 5 below). These amounts represent:—

on Matured Stocks:

(i) principal not repaid; and

(ii) interest (excluding the Initial Arrears of Interest) not paid up to the respective due dates of final maturity and an additional amount for each Matured Stock in respect of the periods from the respective due dates of final maturity up to the Agreement Date;

on Current Stocks:

interest (excluding the Initial Arrears of Interest) not paid up to the Agreement Date.

The arrears of interest (excluding the Initial Arrears of Interest) on Matured Stocks and on Current Stocks, together with the additional amounts for each Matured Stock, described above, are referred to as "Interest Arrears".

The amounts so offered to Stockholders are referred to as "Entitlement Amounts" and the relative proportions to be settled in cash and by the issue of Annuity for each of the Stocks are set out in Table 1 below. Cash payments in respect of Matured Stocks will be deemed to be paid in discharge *pro tanto* of amounts of principal comprised in Entitlement Amounts. The first and second cash payments will represent 14.40% and 1.53%, respectively, of the Entitlement Amounts; the balance of 84.07% will be represented by amounts of Annuity. The aggregate of the Entitlement Amounts is approximately £62·48 million.

(c) Basis of Offers

Under the terms of the Offers: (i) cash payments will be made to persons entitled to the Initial Arrears of Interest in satisfaction of all rights in respect thereof; and (ii) cash payments will be made, and amounts of Annuity issued, to Assenting Holders in satisfaction of all rights in respect of holdings of Matured Stocks and of all rights in respect of arrears of interest and arrears of Sinking Fund payments on Current Stocks (with the exception, in both cases, of rights to the Initial Arrears of Interest).

(d) Cash Payments to Assenting Holders

Assenting Holders will receive the cash portion of their Entitlement Amounts in two instalments (see Columns D and E in Table 1 below). As mentioned in Section 1, Offer documents are expected to be despatched in September, 1980 and the first instalment will be paid within 21 days after receipt of valid Forms of Assent to the Offers (see Section 10 below). The second instalment will be paid on 15th April, 1981 or, if later, within 21 days after receipt of valid Forms of Assent.

(e) The Annuity

The Annuity will constitute an entitlement to sixteen equal, consecutive, half-yearly payments, the first on 15th April, 1981 and the last on 15th October, 1988. Successive half-yearly payments will comprise an increasing proportion of capital and a correspondingly reducing proportion of interest. Interest will be calculated from 16th October, 1980 at the rate of 5¼% per half-year on the declining amount of capital from time to time outstanding under the Annuity. The aggregate of the capital portions of the sixteen instalments of the Annuity is referred to as the "Annuity Capital".

The Annuity will be referred to for general descriptive purposes in terms of amounts of annual payments. £100 of Annuity will, therefore, refer to two half-yearly payments of £50, each comprising a portion of capital and a portion of interest. Table 2 below sets out the payment schedule per £100 of Annuity.

Full acceptance of the Offers would involve the issue of approximately £9·78 million of Annuity, representing £52·53 million of Annuity Capital.

The Government of Zimbabwe will reserve the right to discharge all or any proportion of the outstanding Annuity on 15th October, 1981 or on any half-yearly payment date thereafter by payment of the relevant amount of outstanding Annuity Capital together with interest accrued thereon up to the date of payment.

(f) Tables of Entitlement

(i) Table 1 sets out the entitlements of Assenting Holders to cash payments and amounts of Annuity Capital in respect of £100 nominal of each Stock (excluding entitlements in respect of the Initial Arrears of Interest):

TABLE 1

Entitlements of Assenting Holders per £100 nominal of Stock

Stocks		A Principal £	B Interest Arrears £†‡	C Entitlement Amount £*	D Cash Payments First £†	E Cash Payments Second £†	F Annuity Capital Gross £	G Annuity Capital Net £‡	H Annuity Issued Gross £§	I Annuity Issued Net £‡§
Matured Stocks										
3½%	1961/66	100	80·54	180·54	26·00	2·76	151·78	127·62	28·26	23·76
4½%	1958/68	100	77·52	177·52	25·56	2·72	149·24	125·98	27·79	23·46
3½%	1967/69	100	74·12	174·12	25·07	2·66	146·39	124·15	27·26	23·11
2½%	1965/70	100	66·17	166·17	23·93	2·54	139·70	119·85	26·01	22·31
3%	1971/73	100	62·31	162·31	23·37	2·48	136·46	117·77	25·41	21·93
4%	1972/74	100	68·15	168·15	24·21	2·57	141·37	120·92	26·32	22·51
6%	1976/79	100	84·65	184·65	26·59	2·83	155·23	129·83	28·90	24·17
5%	1975/80	100	71·66	171·66	24·72	2·63	144·31	122·81	26·87	22·87
Current Stocks										
6%	1978/81	—	86·75	86·75	12·49	1·33	72·93	51·05	13·58	9·50
4½%	1977/82	—	64·34	64·34	9·26	0·98	54·10	37·87	10·07	7·05
3½%	1980/85	—	50·09	50·09	7·21	0·77	42·11	29·48	7·84	5·49
4½%	1987/92	—	64·78	64·78	9·33	0·99	54·46	38·12	10·14	7·10

Notes:

The entitlements set out in Columns D to I have been calculated for the purposes of this table to the nearest new penny.

† *Cash payments in respect of Current Stocks will be made wholly in respect of Interest Arrears and will accordingly be subject to deduction at source of United Kingdom Income Tax at the basic rate (currently 30 per cent.).*

‡ *Amounts of Annuity issued in respect of Interest Arrears (see Column B) will, as explained in Section 7(a) below, be issued subject to deduction at source* in specie *of United Kingdom Income Tax at the basic rate. Columns G and I show the net amounts of Annuity Capital and of Annuity, respectively, after deduction of such tax at the rate of 30 per cent. (currently applicable).*

* *The Entitlement Amounts in Column C relate to holdings of Stock in respect of which no repayment of principal or payment of interest due after 21st November, 1965 has been made. The Entitlement Amounts in all other cases will be calculated so as to take account of the amounts of interest paid or principal repaid and the holders will be notified accordingly with the formal Offer documents (see Section 6 below).*

§ *The amounts of Annuity issued, as set out in Columns H and I, are the annual payments represented by the amounts of Annuity Capital set out in Columns F and G, respectively. These annual payments, however, will be subject to deduction of Income Tax on the interest element (see Section 7(b)(i) below).*

(ii) Table 2 shows the apportionment between capital and interest of each £100 of Annuity. £537·10 of Annuity Capital represents the amount of such capital required to produce £100 of Annuity (i.e. two half-yearly payments of £50).

TABLE 2

Government of Zimbabwe Settlement Term Annuity 1981/88

Payment Schedule per £100 of Annuity

J Annuity Payment Serial No.	K Payment Date	L Annuity Capital outstanding immediately prior to payment £	M Half-yearly Payment Capital £	N Half-yearly Payment Interest (gross)† £	O Half-yearly Payment Total Payment† £
1	15.4.1981	537.10	22.47	27.53	50
2	15.10.1981	514.63	23.63	26.37	50
3	15.4.1982	491.00	24.84	25.16	50
4	15.10.1982	466.16	26.11	23.89	50
5	15.4.1983	440.05	27.45	22.55	50
6	15.10.1983	412.60	28.85	21.15	50
7	15.4.1984	383.75	30.33	19.67	50
8	15.10.1984	353.42	31.89	18.11	50
9	15.4.1985	321.53	33.52	16.48	50
10	15.10.1985	288.01	35.24	14.76	50
11	15.4.1986	252.77	37.05	12.95	50
12	15.10.1986	215.72	38.94	11.06	50
13	15.4.1987	176.78	40.94	9.06	50
14	15.10.1987	135.84	43.04	6.96	50
15	15.4.1988	92.80	45.24	4.76	50
16	15.10.1988	47.56	47.56	2.44	50
			537.10		

†Subject to deduction of Income Tax (see Section 7(b)(i) below).

6. PART PAYMENTS ON THE STOCKS SINCE 1965

Repayments of principal and payments of interest on some holdings of the Stocks due after 21st November, 1965 have been made direct from Salisbury, for example where the beneficial owner of the holding was resident outside the United Kingdom..

Where such payments were made whilst the holding was registered in the name of the current Stockholder (or in the name of a predecessor from whom the holding was acquired otherwise than through a Stock Exchange transaction entered into in good faith), the Stockholder's Entitlement Amount under the Offers (see Column C in Table 1 and Note * to that Table) will be reduced to take account of such payments. In most cases the current holders of such holdings ("Partly Serviced Holdings") will be aware of the fact. Holders of Partly Serviced Holdings will, however, be notified with the formal Offer documents.

The holdings of purchasers who have acquired Stock on The Stock Exchange in good faith and have taken good delivery thereof (and persons deriving title from such holders) are not Partly Serviced Holdings and accordingly the relevant Entitlement Amounts will not fall to be reduced.

7. UNITED KINGDOM TAXATION

The responsibility for ascertaining their individual liabilities to tax must remain with Stockholders (and those entitled to Initial Arrears of Interest) who, if in doubt, should consult their advisers. The Board of Inland Revenue have advised the Government of Zimbabwe that in their view, on the information available, the position of United Kingdom taxpayers is as set out below. Different considerations apply to those not resident in the United Kingdom for tax purposes.

(a) Taxation related to Acceptance of the Offers

(i) *Initial Arrears of Interest*

Cash payments in respect of Initial Arrears of Interest will be treated for tax purposes as income of the recipient for the tax year in which payment is made and will be subject to deduction at source of Income Tax at the basic rate (currently 30 per cent.).

(ii) *Current Stocks*

(1) *Income Tax:* Cash payments made, and amounts of Annuity issued, to Assenting Holders of Current Stocks will relate solely to Interest Arrears on such Stocks (see Column B in Table 1). Such cash payments and the market value upon issue of such amounts of Annuity will accordingly constitute income for tax purposes for the tax year in which payment or issue is made, and will be subject to deduction at source of Income Tax at the basic rate (currently 30 per cent.). The deduction in respect of amounts of Annuity will be effected *in specie*, thus reducing the amounts of Annuity received by Assenting Holders.

(2) *Capital Gains Tax:* No charge to Capital Gains Tax will arise upon the making of cash payments, or the issue of Annuity, to Assenting Holders of Current Stocks.

(iii) *Matured Stocks*

(1) *Income Tax:* Cash payments will relate to the discharge of principal and will not constitute income for tax purposes. The proportion of Annuity issued in respect of the balance of principal will likewise not constitute income. However, the balance of Annuity issued in respect of Interest Arrears on the Stocks (see Column B in Table 1) will constitute income for the tax year in which the Annuity is issued and be subject to deduction at source of Income Tax at the basic rate (currently 30 per cent.). The deduction will be effected *in specie*, thus reducing the amounts of Annuity received by Assenting Holders.

(2) *Capital Gains Tax:* Cash payments to Assenting Holders of Matured Stocks will constitute part repayments of principal on such Stocks and accordingly part disposals of such Stocks for Capital Gains Tax purposes. The issue of Annuity to Assenting Holders of Matured Stocks will not give rise to a charge to Capital Gains Tax on issue. It will constitute a conversion of securities for the purposes of Capital Gains Tax to the extent that the issue is made in respect of arrears of principal. The Annuity Capital corresponding to the net amount of Annuity issued in respect of Interest Arrears will count as consideration given by the recipient for his new holding.

(b) Future Taxation in relation to the Annuity after Issue

(i) *Income Tax:* The interest portion of each half-yearly payment of Annuity (see Column N in Table 2) will constitute income of the recipient for the tax year in which payment is made and will be subject to deduction at source of Income Tax at the basic rate (currently 30 per cent.).

(ii) *Capital Gains Tax:* Receipt of the capital portion of each half-yearly payment of Annuity (see Column M in Table 2) will constitute a part disposal for Capital Gains Tax purposes, and a sale or other disposition of an amount of Annuity will be treated as a disposal of that asset for the purposes of Capital Gains Tax.

(c) United Kingdom Taxation—Miscellaneous

Where cash payments or amounts of Annuity issued constitute income for United Kingdom tax purposes, deductions of cash or Annuity at source will satisfy liability to United Kingdom Income Tax at the basic rate. Depending on their particular circumstances recipients:—

(i) may be liable to a charge to higher and additional rate Income Tax on such income which will be calculated, in the case of amounts of Annuity, by reference to the market value of the Annuity at the time of issue to that recipient; or

(ii) may be entitled, if not subject to tax at the basic rate, to reclaim from the Inland Revenue a cash refund in respect of basic rate Income Tax deducted at source, which will be calculated likewise, in relation to amounts of Annuity deducted at source *in specie*, by reference to the market value of the Annuity at the time of issue to that recipient.

8. ZIMBABWE TAXATION

Under the provisions of the relevant Zimbabwe legislation, payments of Annuity will be exempt from Zimbabwe Income Tax if the beneficial owner at the time of payment is not ordinarily resident in Zimbabwe.

9. MISCELLANEOUS

(a) Arrangements for dealings in, and transfers of, the Stocks

It is expected that dealings in the Stocks on a non-assented basis will be resumed on The Stock Exchange on 4th August, 1980. The registers will remain open for transfers.

(b) Arrangements for listing and transfer of the Annuity

Application will be made to the Council of The Stock Exchange for the Annuity to be admitted to the Official List. The Annuity will be transferable in units and multiples of one new penny.

(c) *Stamp Duty*

The Government of Zimbabwe has been advised that transfers of Annuity will be exempt from stamp duty in the United Kingdom. No Zimbabwe stamp duty will be payable on such transfers.

(d) Trustees

Trustees are advised to obtain legal advice on their powers to assent to the Offers. The Government of Zimbabwe has been advised by Leading Counsel in England that the Annuity will constitute a narrower range investment for the purposes of Part II of the First Schedule to the Trustee Investments Act 1961 of the United Kingdom.

10. PROCEDURE FOR ASSENT

The formal Offer documents, with Forms of Assent where appropriate, will be sent to Stockholders whose names are recorded in the London Registers. In order to accept the Offers, other than the Offers relating to the Initial Arrears of Interest, Stockholders will be required to complete and return to the Registrars Forms of Assent, accompanied (except for the 4½% Inscribed Stock 1958/68) by the relevant certificates of title.

Formal Offer documents, together with Forms of Discharge, will be sent to the persons who were entitled to the Initial Arrears of Interest on the due dates for payment thereof. Payment will be made by warrant despatched within 21 days after receipt of valid Forms of Discharge.

Arrangements are being made for the payments referred to herein, other than those described in Section 4, to be made by trustees on behalf of the persons entitled thereto.

11. OUT OF DATE ADDRESSES

Stockholders, and those entitled to Initial Arrears of Interest, who believe that the address recorded for them in the London Registers may be out of date should write to the appropriate Registrar without delay, stating the correct address and quoting the reference number(s) of the stock account(s) concerned. The Registrars are:

for the 4½% Inscribed Stock 1958/68	**for the other Stocks**
Barclays Bank International Limited,	Bank of England, Registrar's Department,
P.O. Box 542, Goodenough House,	Southern Rhodesia Stocks Section,
33 Old Broad Street, London EC2P 2JC.	New Change, London EC4M 9AA.

Copies of this Announcement will be despatched to all current Stockholders.

Stockholders, and those entitled to arrears of interest, who are in any doubt about the action they should take as a result of this announcement should consult their bank manager, solicitor, accountant, stockbroker or other professional adviser.

1st August, 1980

Bank study exposes disparities in Italian industry

By Rupert Cornwell in Rome

THE EVER-WIDENING gulf between private industry in Italy and the country's deficit-ridden public sector has been underlined by the latest financial study carried out by Mediobanca, the leading medium-term credit institute.

The review of leading Italian companies in 1979, perhaps the most authoritative annual analysis of its kind in a country not celebrated for a generosity of financial information, covers 924 companies representing the bulk of manufacturing industry in Italy. Of them, 725 are in the private sector and 199 in public hands.

The 924 concerns reported for last year an aggregate deficit of L2,022bn ($2.42bn), a figure marginally better than the L2,090bn combined loss of 1978. Total profits reported came to L1,311bn ($1.57bn), while total losses reached L3,333bn ($3.86bn).

However, the entire deficit was accounted for by the public sector—where notorious loss-making industries such as chemicals and steel are heavily concentrated. The private sector after a year which reflected the economic boom enjoyed by Italy in 1979, transformed a 1978 loss of L214bn into a slender combined profit of L84bn ($100.4m). The data compiled by Mediobanca bore out the prevailing impression of the financial state of industry in Italy: heavily reliant on bank borrowing and chronically short of internally generated resources. But some bright points do emerge.

Indeed, self-financing by both private and public concerns covered in the study did improve last year by L1,600bn, of which around L1,000bn was achieved by private companies. As a result new investments, to a greater extent than in the recent past, were paid for without resort to bank borrowing.

Similarly, the ratio of debt to own resources also improved for the second successive year. By the end of 1979, industry as a whole had "only" L5.7 of debt for every lira of own resources, compared with a ratio of L6.9 to one 12 months earlier.

But this modest success should be set against the ratio of L2 to one in 1968. The performance in the intervening years is as good a measure as any of the deterioration of corporate finances in Italy since the heyday of the late 1960s before the industrial unrest of autumn 1969.

All the improvement last year came from the private sector The debt ratio of the 199 public concerns rose to L13.2 against every lira of own resources by the end of 1979: and the indebtedness, for example, of IRI, ENI and Efim, the three biggest Italian state corporations now stands ing capital.

In part this is attributable to the huge operating losses of sectors such as steel and shipbuilding, but in large measure also to the inability of the national parliament to approve pending legislation for allocations of new working capita.

There is particularly bleak news on the investment front. Spending even in unadjusted terms dropped to L6,528bn ($7.81bn) in 1979 from L6,616bn in 1978. Adjusted to take account of inflation, capital spending in real terms was the lowest since the Mediobanca study was initiated in 1968.

In other respects the trends which emerge from the analysis are mixed. Turnover overall jumped almost 27 per cent, well above the average inflation rate for 1979 of 15 per cent. But the gain was much more pronounced for domestic sales than for those abroad, which fits in with the worsening of the country's trading accounts later last year.

INI close to agreement on U.S. link for Enasa

BY ROBERT GRAHAM IN MADRID

THE MAIN sticking point blocking a link between International Harvester of the U.S. and the Spanish truck concern, Enasa, seem to have been largely *resolved*.

The deadline for the deal has been delayed for two months until the end of September at IH's request, but the latter is now willing to make an investment in Spain worth more than $250m which is larger than originally indicated.

This understanding follows a series of top level meetings in New York earlier this week between IH representatives and a Spanish delegation led by Sr. Jose Miguel de la Rica, president of the state holding company, INI, which owns 91 per cent of Enasa.

The New York meeting served to clarify misunderstandings or disagreements on at least four aspects of the outline agreement negotiated between the two companies in January. These concerned IH's overall investment strategy in Spain, the losses of Enasa, its new capital and Government support measures.

Under the terms of that agreement, INI was first to buy out the remaining Spanish *shareholders in Enasa* and then sell 35 per cent to IH. At the same time IH had agreed to set up a new company on a 65/35 basis with INI to produce *engines*. The total investment then mentioned was more than $100m.

Since January IH has been carrying out a detailed analysis of Enasa and investment strategy in Spain. This is still not complete. But IH told INI this week in New York that it now planned to also establish a tractor plant in Spain.

Initially this will entail the purchase of the Barreiros tractor facilities at the Talbot plant in Madrid. IH plans to build its own tractors. Meanwhile, the proposed *engine plant with* 100,000 unit annual capacity is now expected to involve a $200m investment.

On the question of Enasa's losses, which last year amounted to $100m, it has been agreed that INI will cover them for three years. However, INI will only cover those losses which can be attributed to the previous management's policies. IH will help cover, according to its shareholding, those losses arising from expenditure designed to raise Enasa's future international competivity.

The two sides have also reached tentative agreement on a valuation of Enasa. It now seems that capitalisation will be a little more than $100m.

The Spanish have also obtained an undertaking that initially Enasa will continue to use existing Spanish component suppliers for such things as transmission units. At the same time INI has undertaken to press the Government to introduce some measures to protect the truck sector.

IH has yet to decide where *it will site the new engine plant* and its location will influence the extent of Government financial aid. On the Spanish side no major problems are envisaged in obtaining Government approval for the deal.

New Manufrance rescue plan

BY DAVID WHITE IN PARIS

YET ANOTHER *formula for reorganising* Manufrance, the near-bankrupt French manufacturing and retail group, has been put up for discussion after more than three years of successive failures to find a plan acceptable to both shareholders and unions.

On the second day of a sit-in by employees at the group's headquarters at Saint-Etienne, near Lyons, the latest plan was kept under tight secrecy while it was discussed with Government loan agencies yesterday.

The board, which spent a *strenuous* 11 hours discussing the plan in the relative safety of a Paris hotel, is believed to be seeking FFr 50m ($12.4m) in Government funds to help relaunch the troubled group. Another meeting is scheduled for a fortnight's time.

During this period, which coincides with the annual holiday closure, further sources of funds have to be found. This is a condition of the Government's offer of aid. The key role appears to lie with Macif, a mutual insurance company, which became a major shareholder last year.

Macif's management has links with the Communist Party, which plays a predominant part in the union struggle and which, since 1977, has controlled Saint-Etienne's town council.

At the same time, Manufrance has to find a new management team, having operated under an interim chairman since May 12, the date of the last in a long series of resignations.

The latest plan is believed to be a re-worked version of proposals by M. Blaise de Saint-Just, the company's managing director, which involved selling the group's shops and bringing another company into its mail-order business.

This is less drastic than the plan for splitting up Manufrance's interests put forward by M. Bernard Tapie, a Parisian entrepreneur, in a brief and fruitless effort to intervene last week. However, the Communist Party remain solidly opposed to any measures which entail dismantling the 95-year-old group.

Manufrance, which makes sporting weapons, bicycles, and sewing machines and which runs France's principal outdoor sports magazine, is important on a regional scale and as a leading employer in Saint-Etienne. Its work force, now around 1,900, has been cut by half since 1976.

Hypo Bank earnings under pressure in first half

BY KEVIN DONE IN FRANKFURT

BAYERISCHE HYPOTHEKEN-und Wechsel-Bank, one of the leading West German private commercial banks, has suffered in the first six months of 1980 from mounting pressure on its interest margin.

In a letter to shareholders Hypo Bank, the second largest of the major Bavarian regional banks, admits that it is doubtful whether the second half of 1980 will show sufficient improvement for its operating profit for the year to equal the already depressed performance of 1979.

Hypo Bank said yesterday that it had proved possible only to take on a limited amount of new business on a profitable basis. As a result its balance-sheet total at the end of June had fallen by DM 135m to DM 53.3bn ($30.3bn).

Its surplus on interest earnings fell by DM 22.3m to DM 374.8m and at the same time its labour costs rose by 8.7 per cent to DM 256.9m.

Commission earnings on services rose, however, by DM 11.5m. The bank was able to benefit from the sometimes hectic trading on both the bond and equity markets during the first six months of 1980.

Adia Interim takes stake in French agency

By John Wicks in Zurich

ADIA INTERIM, the Swiss temporary employment group, has acquired a controlling interest in Quick Medical Service of Paris which claims a one-third share in the world market for temporary medical employment.

Quick Medical, which had 1979 sales of FFr 45m ($11.14m), has 20 agencies covering surgical, medical, maternity and laboratory staff

● Intershop Holding, the property development company specialising in shopping centres, achieved a net profit of SwFr 4.25m ($2.65m) for the year ended March 31, compared with SwFr 3.79m for 1978-79.

Steady year for Triumph International

By Our Zurich Correspondent

TRIUMPH INTERNATIONAL, the Swiss underwear and swimwear group, has reported unchanged earnings for 1979 and is optimistic about prospects

The parent company, Triumph International Spiesshofer und Braun, showed consolidated profits for the concern last year at the 1978 level of DM 30m ($17.23m) after a slight rise in turnover to DM 815m ($468.2m). Figures are in Deutsche Marks because of the particular importance of the German market.

Last year, German sales alone were of DM 304.2m ($174.7m) with other European turnover totalling SwFr 308.4m ($192.75m) and overseas sales HK$601.5m ($122.5m). For the non-German European business, which is handled by the Berne-based Triumph Universa, earnings rose sharply over the year from SwFr 9.6m ($6m) to SwFr 12.6m ($7.87m)

Bulldozer exports boost interim income at Komatsu

BY YOKO SHIBATA IN TOKYO

KOMATSU, the world's second largest construction machinery manufacturer, reported buoyant earnings for its interim period to June 30 due to strong exports of bulldozers helped by the yen's depreciation.

Its interim operating profits on a non-consolidated basis rose by 33.6 per cent to Y26.24bn ($116m). Interim net profits rose by 21.7 per cent to Y11.73bn on sales of Y249.37bn, up 12.4 per cent from a year earlier. Per share profits were Y15.87, against Y13.25.

Despite sluggish domestic sales of construction machinery due to reduced public works, domestic sales of industrial machinery benefitted from rising capital spending in the private sector. Sales of industrial machinery advanced by 19.7 per cent to account for 7 per cent of total sales. Construction machinery accounting for 89 per cent of total sales rose by 11.5 per cent. Exports rose by 31 per cent to take 40 per cent of sales, helped in part by strong overseas sales of medium- and large-sized bulldozers and the yen's depreciation. Bulldozer exports to the Middle East and South East Asia, were particularly healthy.

Exchange gains of Y6bn were offset by interest payments, which rose to a total of Y4bn, and cost increases.

For the fiscal year ending December 31, the company expects net profits to reach Y24bn, up 19 per cent, operating profits to reach Y53bn, up 13 per cent, on sales of Y500bn, up 9 per cent from the previous fiscal year.

* * *

AJINOMOTO Company, the Japanese manufacturer of monosodium glutamate, which has a tie-up with General Foods of the U.S., has reported an increase of 11.4 per cent in consolidated net earnings for the year to March 31, to Y12.14bn ($53.5m), from Y10.9bn in the previous year, Reuter reports from Tokyo.

Sales rose by 4.8 per cent to Y383.53bn ($1.7bn), from Y365.80bn. Earnings a share totalled Y40.75, compared with Y37.75.

Higher dividend at APM

By James Forth in Sydney

GROUP PROFIT of Australian Paper Manufacturers rose by 50 per cent, from A$26.7m to A$40.24m (US$47m) in the year to June 30.

The company has raised its dividend from 11 cents a share to 14 cents. The payout is covered by earnings per share which rose from 16.6 cents to 25 cents. The profit gain was aided by improved results from the pulp and paper division and the inclusion for the first time of earnings from Tasman UEB and the fibreboard division of UPL.

The directors said that sales in Australia of paper and paperboard rose 5.5 per cent. The group completed a number of projects during the year to improve efficiency and to reduce costs in the division. The international division also made significant gains, with the greatest growth experienced in China.

Exports of APM products increased from 35,000 tonnes to 83,000 tonnes.

Sharp cost increases hit margins at Malayawata

BY WONG SULONG IN KUALA LUMPUR

SHARPLY INCREASED raw material costs, and the inability to increase steel prices, have eroded profit margins at Malayawata, Malaysia's biggest steel producer. For the year to March, pre-tax profit after depreciation fell 19 per cent to 11.4m ringgit (US$5.3m). However, because of a lower tax charge, the net profit was 4.9m ringgit, or only 13 per cent lower than in 1979.

During the year, the company experienced continuing increases in the prices of raw materials and transport, and faced sharply increased electricity rates. Operations were also affected by the relining of the No. 2 blast furnace. Demand for steel remained buoyant, but earnings were held down by Government control of steel prices.

Malayawata is maintaining a 10 per cent tax-exempt dividend for this year.

Construction of the second rolling mill has started, and when commissioned by late 1982, this will double the company's steel production capacity to 400,000 tonnes.

* * *

UNITED ENGINEERS BERHAD, the Malaysian construction and heavy equipment group, has reported improved interim results, continuing its recovery. For the six months to June, operating profit before interest charges, rose 21 per cent to 5.2m ringgit (US$ 2.4m).

The group is still burdened by heavy interest charges, which rose by 20 per cent to 2.9m ringgit, so that pre-tax profit after these charges, was 2.3m ringgit, or 22 per cent better than in the comparable figure for the previous year. An interim 3 per cent dividend is proposed.

Since 1979, United Engineers has undergone a major management reorganisation. Last March, it made a seven-for-four rights issue, and a special 8.75m ringgit issue to Bumiputras (Malaysia), to raise 35m ringgit, to reduce its loans and to provide additional working capital.

Exchange rate delays Plate Glass rights issue

By Jim Jones in Johannesburg

PLATE GLASS and Shatterprufe Industries (PG), the R221m (US$290m) turnover South African manufacturer of glass, timber and building products, has postponed plans for a R6m rights issue because of adverse exchange rate movements.

The planned issue, which was announced in the annual report in June, was earmarked to provide funds for improving the capital structure of the company's U.S. and Australian associates, both of which have been working to expand operations in highly competitive markets.

The snag which has arisen is that the financial Rand—South Africa's investment currency—has weakened from 94 U.S. cents in June to 86 cents. Plate Glass would have to move the equity funds for its overseas associates out of South Africa through the financial Rand market, rather than through commercial Rand, currently quoted at R1 to $1.30.

In the seven weeks since the rights issue was announced, the financial rand rate moves have meant that the premium PG would have to pay, over a commercial Rand transaction, has risen from 36 per cent to about 50 per cent. Mr. Morris Lubner, the chairman, says that the rights issue is being postponed to permit advantage to be taken of a possible improvement in the value of the financial Rand. Bridging finance has been arranged for the two overseas subsidiaries.

Pre-tax profit gains at Woolworths

By Our Johannesburg Correspondent

WOOLWORTHS, the South African retailer, maintained its growth record in the year to May 31. Pre-tax income rose 19.5 per cent to R30.5m ($40m) in the 52-week period, compared with R25.5m for the 53 weeks of the 1978-79 fiscal year. Turnover was 13.9 per cent higher at R193.6m ($254m), against R170m.

Mr. David Susman, the managing director, says that stock turnover was faster than the eight-times figure of 1978-1979. Unlike other retail chains, Woolworths has laid stress on improving the performance of existing outlets rather than seeking higher turnover through opening more stores. Nevertheless two new stores are to be opened in the next few months, to increase the number of outlets to 67, so increasing floor space by about 3 per cent.

Dividends totalling 28 cents, compared with 22 cents the previous year, have been declared, from earnings per share of 62.5 cents, against 52.1 cents.

Bank Hapoalim share issue oversubscribed

By L. Daniel in Tel Aviv

THE STOCK issue by Bank Hapoalim, the largest ever placed on the Tel Aviv Stock Exchange was 15.3 times oversubscribed. The issue, designed to raise I£2.5bn (equivalent to $50m) consisted of shares and options.

Each purchases is to be allotted 9.53 per cent of his order, but not less than one uni (10 0shares and 10 options), each of which was offered to the public at I£700 (I£6.60 per share and I£4.00 per option). The latest issue has brought capital resources to a total of I£10bn ($200m).

* * *

THE ISRAEL Treasury is to return to the issue to the public of bonds linked 100 per cent to the cost-of-living index.

This is a reversal of policy. Five years ago, it was decided to reduce the linkage gradually, first from 90 per cent and then to 80 per cent (except for bonds bought by financial institutions).

Flat earnings at Elron Electronic

By Our Tel Aviv Correspondent

ELRON ELECTRONIC Industries of Haifa, one of Israel's major electronics groups, reports that its net profit for 1979-80 was I£37m ($740,000), compared with I£33m a year earlier. It is to distribute bonus shares at a rate of 100 per cent, the company policy being to allocate the maximum liquid funds for research and development. Dividends for 1978-79 were 10 per cent cash, and 35 per cent bonus shares.

Elron is a holding company, the affiliates of which include Elbit, a manufacturer of small computers, and Elscint, which produces medical scanners and nuclear imaging cameras.

Total sales of the Elron group came to I£2.3bn ($46m), compared with I£1.05bn a year earlier. Exports continued to account for about two-thirds of exports, having risen by about 34 per cent. The various companies in the group have $100m of orders on their books.

WORLD STOCK MARKETS

Dow falls 11 in early trade

THERE WAS a sharp and broad setback on Wall Street yesterday morning in another very heavy trade as profit-taking, which on Wednesday hit the Oils sector, spread to the rest of the market.

The oDw Jones Industrial Average fell 11.09 to 925.09 at 1 pm from Wednesday's closing three-year high. The NYSE All Common Index receded 95 cents to $69.00 and declines outpaced advances by a three-to-one ratio. Volume amounted to 38.22m shares compared with the previous day's 1 pm figure of 41.93m.

Analysts said the decline, which is being paced by the Oils, may be the long-awaited correction after the market's sharp advance since April and is being fuelled by profit-taking.

The correction in the Oils was not entirely unexpected since the sector had risen sharply during the current market putrend. Reports that some Oil companies are cutting prices because of high inventories gave sellers a reason to take their profits.

Standard Oil of California lost 1⅞ to $74, **Texaco** ⅞ to $35⅞, **Mobil** 1¼ to $73, **Exxon** 1⅞ to $69¼ and **Union Oil** 2⅞ to $55⅞.

Profit-taking also spilled over into the Computer-related group that had been strong earlier this week. **Texas Instruments** fell 2⅞ to $106, **Honeywell** 1⅞ to $91. **Digital Equipment** $1 to $79⅞ and **IBM** $1 to $64½.

General Motors lost $1 to $50⅞. Chrysler, which reported a second-quarter los of over $500m, was off ¼ at $7.

United Airlines went against the trend, adding ⅝ to $22¼. Gold stocks were mixed.

THE AMERICAN SE *Market* Value Index fell 4.51 to 311.53 at 1 pm. Volume 4.44m shares.

Canada

Markets in Canada also retreated, with the Toronto Composite index registering a fall of 19.7 at 2,192.4 at mid-session.

Closing prices for North America were not available for this edition.

Tokyo

The market put on a rather mixed performance, with *Blue* Chips and Populars mainly advancing on strong buying from institutional and foreign investors but recently-favoured energy issues and speculatives retreating on late profit-taking.

The Nikkei-Dow Jones Average eased slightly by 1.47 to 6,819.63, *but the Tokyo SE index gained* 2.08 to 470.90. Rises held an edge over declines on the First Market section by 346 to 309 after a fair trade of 300m shares (340m).

Dealers said investors were directing their attention to Blue Chip and Popular issues following the recent marked Wall Street buoyancy, and also in expectations of a cut in the Bank of Japan's Official Discount Rate within a month or two. **Matsushita Electric** rose Y37 to Y730, **Fuji Photo Film** Y19 to Y591, **Toyota Motor** Y8 to Y755, **Fujitsui** Y17 to Y550, **Canon** Y20 to Y630, **TDK Electronics** Y50 to Y2,440 and **Tokyo Sanyo** Y35 to Y550. Among Trading Houses, **Mitsubishi** advanced Y14 to Y667 and **C. Itoh** Y12 to Y420.

Shippings also improved, but some Chemicals went down with energy shares. **Nippon Oil** shed Y20 to Y1,450, **Teikoku Oil** Y20 to Y1,050, **Sumitomo Coal** Y12 to Y281 and **Mitsui Toatsu** Chemical Y7 to Y140.

Speculative issues such as **Kurabo Industries** and **Toa** Paint weakened.

Germany

Stock prices generally slipped back after fresh initial firmness to close modestly easier for choice on balance.

Deutsche Bank, further buoyed by the encouraging half-year report, ended DM 3.20 higher at DM 286.70, but Commerzbank lost DM 2 and Dresdner Bank DM 1.50.

Stores closed higher against the general trend following recent weakness. Neckermann recouped DM 8 of Wednesday's *fall of DM 10. Karstadt* picked up DM 1 and **Kaufhof** DM 1.80.

Public Authority Bonds were mixed and the Bundesbank sold a small net amount of paper.

Hong Kong

The market further advanced during the morning, but subsequently receded to finish a little easier on balance following another large business. The Hang Seng index added almost 10 points more to Wednesday's closing seven-year high before declining to 1,166.55 to leave a loss of 2.19 on the day. Turnover came to HK$477.08m on the four exchanges, *against* the previous day's HK$455.36m.

Dealers attributed the afternoon downturn to a Press report that **Cheung Kong** does not intend to make a general bid for **Green Island Cement** and also to share liquidations to cover margin calls in the depressed Gold market.

Green Island, which rose HK$5.50 to HK$65.00 on Wednesday, moved ahead HK$3.50 more before ending only 50 cents higher on the day at HK$65.50. The report had a contrasting effect on **Cheung Kong**, which closed 70 cents stronger at HK$21.70.

Among the leaders, **Hongkong Bank** and **Hong Kong Land** each lost 20 cents to HK$18.10 and HK$15.00 respectively, while **Jardine Matheson** shed 30 cents to HK$21.70, but **Hutchison Whampoa** gained 70 cents to HK$12.60 and **Hong Kong Electric** 15 cents to HK$7.30.

HK Telephone retreated 40 cents to HK$26.90 and **China Light** 30 cents to HK$21.80.

Australia

Weaker gold prices, a dispute over the Ashton joint venture diamond prospect and a disappointing drill report from the Nagoorin shale oil prospect underscored another quiet session for Minings and Oils with an easier tendency prevailing. However, Industrials remained firmer-inclined.

News that preliminary tests at the Nagoorin site had indicated disappointing yields of just over 80 litres per tonne saw Greenvale recede 40 cents to A$3.30 and Esperance 50 cents to A$4.40.

Weeks Petroleum lost 20 cents *to A$8.00 and* **Crusader** 10 cents to A$3.90 among other Oils.

Several small diamond hopefuls finished firmer, but a report that some sectors of the Lake Argyle Aboriginal community were disputing the legality of an exploration agreement reached with the Ashton joint venture consortium weakened CRA and **Ashton Mining**, which shed 4 cents to A$5.36 and 8 cents to A$2.72 respectively.

Among Gold stocks, GMK gained 10 cents to A$8.10 but **Central Norseman** declined 30 cents to A$11.00.

Elsewhere in Minings, **Bougainville** fell 13 cents to A$2.35 but **Western Mining** put on 6 cents to A$5.38.

CSR moved ahead 12 cents to A$7.48 following the release of its quarterly mining report, which outlined molybdenum prospects in New South Wales and oil shale plans for Western Australia.

Johannesburg

Gold shares followed the trend in international Bullion prices and closed easier after quiet trading but above the day's lows. Losses stretched to 225 cents in Heavyweights and to 125 cents in Medium-priced issues. **Kloof** were down 125 cents at R36.75 and **East Drie** R1.00 at R28.75.

Mining Financials shadowed Golds. Tins firmed, Coppers were mixed and other Metals and Minerals eased.

Indices

NEW YORK —DOW JONES

	July 30	July 29	July 28	July 25	July 24	July 23	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
♦ Industr'ls	936.18	931.91	925.45	918.09	926.11	928.58	956.16 (30/7)	759.13 (21/4)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	72.69	72.68	72.84	72.69	72.95	73.18	76.61 (23/6)	63.87 (28/3)	—	—
Transport	314.47	310.91	304.45	303.90	308.50	308.71	314.17 (30/7)	253.69 (27/3)	314.17 (30/7/80)	12.23 (8/7/32)
Utilities	112.01	111.94	111.65	112.93	113.36	115.47	115.88 (8/7)	96.04 (27/3)	165.32 (20/4/69)	10.52 (28/4/42)
TradingVol 000's†	58,060	44,840	36,330	36,260	42,420	45,890	—	—	—	—

Day's high 946.93 low 926.54

Ind. div. yield %	July 18	July 11	July 4	Year ago (approx)
	5.72	5.93	5.94	5.83

STANDARD AND POORS

	July 30	July 29	July 28	July 25	July 24	July 23	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	138.41	138.68	137.51	136.84	137.86	137.93	158.68 (29/7)	111.09 (27/7)	138.68 (29/7/80)	3.52 (30/6/32)
§Composite	122.23	122.40	121.43	120.78	121.79	121.93	122.51 (21/7)	99.22 (13/2)	125.85 (11/1/73)	4.40 (1/6/32)

	July 16	July 9	July 2	Year ago (approx)
Ind. div. yield %	4.88	4.97	5.07	5.32
Ind. P/E Ratio	8.02	7.90	7.22	7.87
Long Gov. Bond Yield	10.08	10.11	10.13	8.92

N.Y.S.E. ALL COMMON

July 30	July 29	July 28	July 25	1980 High	1980 Low
69.95	69.99	69.43	69.10	70.10 (21/7)	55.30 (27/3)

Rises and Falls	July 30	July 29	July 28
Issues Traded	1,916	1,914	1,891
Rises	961	969	777
Falls	601	548	700
Unchanged	354	397	414
New Highs	157	87	60
New Lows	5	2	4

MONTREAL

	July 30	July 29	July 28	July 25	1980 High	1980 Low
Industrial	402.37	401.16	388.47	400.67	425.80 (29/2)	325.21 (27/3)
Combined	370.26	367.35	365.86	367.71	378.90 (29/2)	298.90 (27/3)
TORONTO Composite	2212.1	2206.9	2184.1	2197.2	2212.1 (30/7)	1702.5 (27/3)

	July 31	July 30	July 29	July 28	1980 High	1980 Low
AUSTRALIA						
Sydney All Ord. (1950/59)	919.26	918.82	919.65	917.58	947.47 (14/2)	780.00 (2/1)
Metals & Minls (1950/59)	5748.91	5777.80	5806.25	5782.54	6680.95 (14/2)	4581.26 (28/3)
AUSTRIA						
Credit Aktien (2/1/62)	67.66	67.56	67.60	67.36	69.40 (7/1)	66.85 (23/6)
BELGIUM						
Belgian SE (31/12/63)	94.64	94.79	94.83	94.26	105.76 (11/2)	90.14 (31/3)
DENMARK						
Copenhagen SE (1/1/73)	86.45	86.70	86.75	85.86	86.74 (2/1)	74.78 (5/5)
FRANCE						
CAC General (29/12/61)	108.8	107.7	107.9	107.8	117.8 (22/2)	97.1 (5/1)
Ind Tendance (28/12/79)	110.5	110.5	111.2	110.8	111.4 (24/7)	95.6 (5/1)
GERMANY						
FAZ-Aktion 31/12/58	235.04	234.65	235.68	234.51	238.89 (25/2)	212.75 (28/3)
Commerzbank (Dec.1953)	746.1	759.9	758.0	738.8	749.2 (25/2)	667.0 (27/3)
HOLLAND						
ANP-CBS General (1970)	86.9	87.2	87.6	87.6	88.0 (25/7)	74.8 (27/3)
ANP-CBS Indust. (1970)	66.5	66.3	66.6	66.8	68.2 (11/1)	58.2 (28/3)
HONG KONG						
Hang Seng Bank (31/7/64)	1166.55	1168.74	1168.12	1156.62	1168.74 (30/7)	738.9 (19/3)
ITALY						
Banca Comm. Ital (1972)	115.90	112.11	110.41	109.18	115.90 (31/7)	83.11 (2/1)
JAPAN						
Dow Average (16/5/49)	6819.63	6821.10	6811.38	6816.71	6904.81 (25/4)	6475.95 (27/3)
Tokyo New SE (4/1/68)	470.90	468.82	468.35	468.86	473.55 (25/6)	449.01 (10/3)
NORWAY						
Oslo SE (1/1/72)	124.91	125.42	125.75	126.05	144.70 (14/2)	110.12 (28/3)
SINGAPORE						
Straits Times (1966)	582.86	580.25	578.04	578.09	582.96 (31/7)	423.75 (3/1)
SOUTH AFRICA						
Gold (1958)	(u)	772.8	782.7	(u)	782.7 (29/7)	649.5 (2/7)
Industrial (1958)	(u)	562.2	561.5	(u)	562.2 (30/7)	466.8 (2/1)
SPAIN						
Madrid SE (28/12/79)	103.88	103.88	103.78	(c)	103.98 (30/7)	95.76 (13/5)
SWEDEN						
Jacobson & P. (1/1/58)	372.87	372.15	372.28	371.56	386.86 (8/2)	334.72 (17/1)
SWITZERLAND						
SwissBank Co. (31/12/58)	310.7	310.2	309.6	309.4	317.9 (11/2)	276.0 (28/3)
WORLD						
Capital Intl. (1/1/70)	—	147.6	147.8	147.2	148.6 (21/7)	120.5 (27/3)

Base values of all Indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Du Pont	953,600	43¼	−½	Phillips Petrlm.	560,300	42½	−2⅜
Western Bancrp.	952,900	29	−1	Bankamerica	550,600	26⅝	−⅛
Dart Inds.	776,800	41⅞	—	IBM	535,500	65¾	+⅛
Georgia-Pacific	741,100	29¾	−¼	UAL	542,300	21½	+2⅛
Texaco	697,900	36½	−1⅛	Gulf Oil	497,400	41	−1⅞

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Support for Guernsey tomatoes

By Our Own Correspondent

A PRICE support scheme for Guernsey's tomato growers that could cost up to £584,000 this year and £1m in 1981 was approved on Wednesday by the island Parliament.

The scheme goes further than the original proposal put forward by the island's horticultural committee, which had asked for price support only during the first half of 1981.

MPs voted through an amendment that extends the aid to the first six months of this year—although only for growers who intend to keep at least 70 per cent of their present tomato area in production next year.

The move follows a disastrous season for the island's 700 commercial tomato growers in 1979 and continued poor returns this year.

Deputy J. A. C. de Garis, president of the horticultural committee, told MPs that subsidised Dutch tomatoes were flooding the UK market to the "great detriment of the Guernsey growers."

Local growers had given up the right to draw on EEC funds to enable Guernsey to avoid full involvement with the Common Market, he said, and the island now had a "moral obligation" to help them out of their present difficulties.

U.S. producer to halt copper deliveries

BY JOHN EDWARDS, COMMODITIES EDITOR

A LEADING U.S. copper producer, Asarco, yesterday declared *force majeure* on its refined copper deliveries, effective September 1, as a result of the strike by workers that started on July 1.

However, the company said it would meet all its supply commitments during August and a tthe same time cut its domestic U.S. selling price for copper by 8 cents to $1 a pound.

Other U.S. copper producers have also cut their selling prices by 5 cents to $1.03 a pound. On the London Metal Exchange yesterday prices came under renewed selling pressure, inspired mainly by New York, and cash wirebars closed £18 down at £904 a tonne. However, the Asarco *force majeure* declaration helped the market stage a recovery in late trading with the three months quotation gaining some £8 to £929 on the late kerb.

As can be seen from the price fluctuations there is considerable confusion on the copper market at present. The U.S. is the world's biggest producer of copper and the monthly loss of production, since the strike started, is running at well over 100,0000 short tons. It is generally expected that two more large plants—Anamax and Copper Range—whose labour contracts were due to expire last night will also fail to reach agreement and go out on strike. But the fact that talks on these contracts are still going on has led to various rumours about renewed negotiations.

However, the U.S. copper companies claimed that there is little chance of a settlement at present. The gap between the workers' demands and the companies' offers is reported to be very wide both on pay and other conditions.

Typical of the confusion about the strike is the reports of Asarco holding negotiating talks with the unions on August 20. In fact there is no firm commitment to hold talks. The company, and the unions, have apparently booked hotel accommodation and plane reservations just in case they should want to hold talks—August 20 was agreed as a possible date, since it is after the Democratic Convention and towards the end of the holiday season.

But the view of most companies at present is that there is likely to be little incentive to start talks until Labor Day on September 2 which marks the end of the summer holidays and the time when industry gets going again.

The force majeure declaration by Asarco at this stage is mainly a warning shot since there are adequate copper supplies available, including imports.

The main reason for the lack of reaction to the strike is that demand for copper in the U.S. has fallen dramatically in the past few months—declining by far worse than expected as a result of the recession in construction, automobile and steel industries. There are signs that the U.S. economy is staging some recovery, as might be expected just before a Presidential election.

The key question is how long the strike will last. There is no sign of compromise yet from the unions with their members not too concerned about a settlement during the holiday season.

State aid for battery hen research

By Our Commodities Staff

THE GOVERNMENT is to back research aimed at finding a kinder way to produce eggs.

Growing public concern that the battery cage system is unnecessarily cruel has been countered so far by warnings from producers that any less intensive system would send egg prices soaring.

But the Ministry of Agriculture does not believe that this is necessarily the case and has backed its view with an £80,000 contribution to the search for an alternative.

The money will go towards a seven year research programme sponsored jointly with the British Egg Association, which is putting up £140,000. The programme, announced yesterday by Mr. Jerry Wiggin, parliamentary secretary at the Ministry, and Mr. oJhn Maunder, chairman of the British Poultry Federation, will be undertaken at the Ministry's Gleagthorpe experimental husbandry farm in Nottinghamshire.

Some progress in cocoa talks

GENEVA—Delegates reported "some progress" yesterday in consultations between cocoa exporting and importing countries on chances for negotiating a new International Cocoa Treaty.

They said there was some movement both on the consumers' and the producers' side on the minimum price to be guaranteed by a new treaty.

At talks in March producer states had insisted on a minimum price of $1.20 a pound, while the U.S. offered $1.05 and the EEC $1.10 to $1.20. Since then the actual price has fallen below even the U.S. offer. Delegates said that on the third day of the current Geneva meeting (Wednesday), at least some producers indicated they might consider the EEC proposal, while the U.S., on the other hand, slightly modified its offer.

They said the U.S.—which was not a member of the old defunct treaty but is taking part in efforts for a new one—now indicated a minimum price of between $1 and $1.10 a pound.

The European Council of Ministers itself will determine a figure when it next meets in Brussels in mid-September.

Reuter

COMMON AGRICULTURAL POLICY

Rooting out the illegal aids

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

A RECURRENT complaint against the operation of the Common Market is that member countries "cheat" in order to give their own food producers unfair competitive advantages over their neighbours.

The Commission has been aware of these accusations for a long time. It has at last been moved to write to all member countries and draw their attention to article 92 of the Treaty of Rome which specifically lays down that: "Any aid granted by a member state, or through state resources, in any form whatsoever which distorts competition in as far as it affects trade between member states, shall be incompatible with the Common Market."

The Commission is, of course, referring to other sectors as well as agriculture. However, it applies especially to France, which is not only believed to be introducing new aids without informing the Commission but is responsible for one of the largest number of illegal aids for farming—39 out of the 51 listed in the complaint.

The British, who believe themselves to be purer than the driven snow in these things, are rather smugly pointing at the perfidy of others. According to the National Farmers' Union the British purity is costing UK farmers a good deal of advantage given to fellow members. What the Commission has in mind are not only added payments or special subsidies, but activities which no farmer has up till now regarded as being no more than the industry's rightful due.

Everyone deplores, for instance, the Dutch insistence on underpricing the cost of their natural gas to glasshouse growers; the Commission has just threatened the Dutch with the European Court. I must say I see little wrong in the Dutch action. Natural gas is cheap in Holland, it is no more of an advantage as sunshine is in Southern Italy. No one has suggested an extra levy on Italian sun which undoubtedly distorts competition with producers in northern latitudes.

The Commission draws attention to the prevalence of aids in the advisory sector. In some cases it is paid for by the Government. In others, notably Denmark, the producers pay a good deal of the bill. In Britain it seems that apart from the state-owned and directed advisory and research services, there is an almost equally large service maintained by the commercial interests. They recoup themselves from the profits made by selling their goods to farmers. Presumably the Commission cannot do much about these.

The Commission is to some extent in the dark due to the refusal of certain governments to report their misdemeanors to Brussels.

However, there are some well known distortions about which the Commission seems to be able to do little. The German Government under the demands of its farmers allowed the revaluation of the Deutschemark so that German farm prices are about 9 per cent higher than in the rest of the Community. British farmers would love to send their produce there, but if they do they are subjected to an export levy.

In addition the whole of German farming is cosseted by a rural policy which ensures that the small farming sector can survive by the provision of industry nearby so that farmers can become part-time workers.

The provision of cheap credit is particularly prevalent in France and Italy. In France the Credit Agricole received over £600m in 1978 to subsidise loans whose rates vary from 4 per cent for young farmers to about 11 per cent as a maximum. In Italy various forms of farming development can secure loans on the long term for as little as 1 per cent to 3 per cent.

The British Government has always set its face against interest subsidies. However it has been providing grants instead. Nevertheless the balance of advantage is I believe, much on the side of the French system.

Certain member countries are very much more lenient on tax matters than others. British farmers pay quite a bit of tax; so do those in Holland and Denmark where farmers are "soaked" in several ways. In France, Germany and Italy the collection of income tax does not appear to be so seriously considered, and the threat of income tax nearly caused a revolution among Irish farmers.

On the other hand British farmers can claim back their Value Added Tax payments on inputs such as machinery and fertilisers. The French farmer though has to pay VAT on his inputs, as do those in a number of other countries.

It is very difficult indeed to be precise on the question of direct subsidies to farmers. One of the commonest is on the question of freights. If the Government, say in France, owns the railways and the ferries, who is to say that its freight charges represent no hidden subsidy. Of course the French defence of its sheep farmers is a particularly brazen example of what most governments try to do covertly.

A common respectable subterfuge is to use domestic health regulations to defend a local market as, for instance, the British do with UHT milk. There seems no end to the list. To clean up these Augean stables would be a daunting task for a regiment of Hercules.

Soviet weather helps harvest

MOSCOW —The agricultural newspaper, Selskaya Zhizn (Rural Life), says recent hot, dry conditions in parts of the Soviet Union were proving favourable for harvesting.

Citing figures issued by the Central Statistics Board, the newspaper said in the week up to July 28 grains and pulses were harvested from a total of 8.4m hectares and threshed from 6.1m hectares.

Overall, up to July 28 grains and pulses had been harvested from 23.2m hectares and threshed from 15.3m hectares, it said.

In contrast it reported that in the western Ukraine, mopping-up operations were continuing after weeks of torrential rain which had flooded grain fields

Meanwhile in Chicago, soyabean futures hit the 30-cent daily permissible limit advance for the August to May months before light selling trimmed all prices except the one for May.

Reuter

EEC fish quotas attacked

BY RICHARD MOONEY

BRITAIN'S EEC partners are still trying to cheat UK fishermen out of their rightful share of the fish in their own waters, the British Fishing Federation alleged yesterday.

It described an EEC Commission plan to treat all main human consumption species together and express catch shares in terms of "cod equivalent" as "just another way of cooking the books."

After studying the latest proposals, made at a Ministerial meeting in Luxembourg, the federation has concluded that the new offer made to Britain was not as good as that suggested in 1978. "There is still absolutely no recognition of the to the resource nor is sufficient of fishing opportunities in third country waters," an official stated.

He accused the Commission of trying to disguise the low share offered to Britain in much the same way as in 1978 when low-value horse mackerel were added to the British allocation to boost the figure. "They are trying a more sophisticated concoction with a special mix of selected species. But the total mix produces the same allocation of three quarters of the catch going to the rest of Europe, even though nearly 70 per cent of the fish is in British waters."

Excluding the horse mackerel, the 1978 proposal would have given Britain a 26.5 per cent share of the catch, he calculated, while this year's offer would yield only 24.9 per cent in straight tonnage.

The cod equivalent formula gives cod, h addock and plaice a rating of 100, whiting 86, saithe 77 and mackerel 30. On this basis the British share comes out at 33.6 per cent.

But the BFF believes the formula is not accurate. Based on British quayside prices in 1979 it calculates that mackerel, now, Britain's major catch, would score only 18 points, saithe only 55 and whiting only 54. If the same system were applied for all species allocated under the proposed common fisheries policy Britain's share would work out at 24.9 per cent, exactly the same as the crude tonnage percentage, the official claimed.

● Scottish fishing beats accounted for more than half the fish landed in Britain last year—although problems the industry now faces were beginning to bite by the end of 1979, according to a report of the Department of Agriculture and Fisheries for Scotland.

The report, published yesterday, says Scottish fishermen brought in 55 per cent by weight and 52 per cent by value of the total UK landings for the year.

Total landings in Scotland last year dropped by 71,000 tonnes to 355,000 tonnes, while total earnings also dropped in real terms. In cash value, however, the figure of £122m was the same as in 1978.

Iran buys wheat from Argentina

BY PATRICK COCKBURN IN TEHRAN

IRAN HAS ordered 900,000 tonnes of wheat, three-quarters of its total import requirement, from Argentina for delivery during the year ending May-June 1981, the Iranian Grain Organisation has said.

This is a switch away from Australia which has supplied 990,000 tonnes of wheat under two contracts signed last August and February. Deliveries from Australia will be completed next month.

Iran's wheat consumption during the current Iranian year is put at 2.8m tonnes of which 1.2m tonnes will be imported. There are stocks of 419,000 tonnes of wheat within the country and some 160,000 tonnes are currently being unloaded.

Delays are being caused at the ports of Bandar Khomeini and Bandar Abbas on the Gulf by faulty equipment and a shortageof spare parts, as a result of sanctions against Iran, the Grain Organisation says.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Moved lower on the London Metal Exchange in active trading. Forward metal opened weaker at £920 in the pre-market, in line with the heavy selling of the previous night in the U.S. The high during the pre-market was £928, and this level attracted short selling. The morning trading saw some signs of demand from the Continent, but this could not prevent the price easing to a low of £918 on the midday Kerb. The price dipped further to £915 early in the afternoon, and then rallied to a close on the late Kerb of £929.5. Turnover: 23,850 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	901-2	—20	903-5	—18
3 months	920-.5	—18.2	921-2	—18.5
Settlem't	902	—20	—	
Cathodes				
Cash	868-70	—20.5	870-2	—19.2
3 months	913-4	......	896-7	—20
Settlem't	896-7	—17	—	......
U.S. Prod		......	*108-106	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £902. Three months £926, 25, 24, 23, 22, 21, 20, 21, 22, 21, 20.5, 20. Cathodes: Three months £896, 97. Kerb: Wirebars Three Months £922, 21, 20, 18, 19. Afternoon: Wirebars Three Months £921, 20, 19, 18, 17, 18, 19, 18, 21, 22, 22.5, 22, 21. Cathodes: Three Months £898. Kerb: Wirebars Three Months £929, 28, 28.5, 29, 28, 29, 30.

TIN — Gained ground in steady trading. Forward metal opened higher at £7,230 on the back of the weaker sterling, declined to £7,220 during the first Ring and then recovered to £7,245. A further fall in the afternoon Rings took forward metal down to £7,230, at which point a backwardation of £20 set in. Forward metal rallied later to close at £7,260 on the late Kerb. Turnover: 1,105 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7250-60	+105	7260-80	+85
3 months	7240-5	+67.5	7235-50	+40
Settlem't	7260	+105	—	......
Standard				
Cash	7250-60	+110	7260-80	+85
3 months	7240-5	+67.5	7235-80	+48
Settlem't	7260	+110	—	......
Straits E.	$2147	—7	—	......
New York	—	......	—	......

Morning: Standard Cash £7,245. Three Months £7,220, 25, 30, 35, 40, 45, 30, 40, 45, 40. Kerb: Three Months £7,245, 35, 30, 25. Afternoon: Kerb: Standard Three Months £7,240, 45, 50, 60, 70, 60.

LEAD—Declined in quiet trading. Forward metal opened weaker at £358, and then fell steadily to a close on the midday Kerb of £350.5. The price opened stronger in the afternoon at £352, and moved ahead to close on the late Kerb at £355. Turnover: 12,325 tonnes.

Morning: Cash £338.5, 36, three months £358, 57, 56, 55, 55.5, 54, 53, 54, 54.5, 55, 54, 53, 51, 52, 51, 50.5. Kerb: Three months £352, 51, 50, 51

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	336-7	—12.5	340.5-1.5	—1.5
3 months	350-.5	—11.2	353.5-4	—2.75
S'ment	337	—13	—	......
U.S. Spot	—	......	*34-6	......

50.5. Afternoon: Three months £352, 53, 54. Kerb: Three months £355, 56, 55.

ZINC—Advanced in steady trading. After opening stronger at £314, forward metal traded up to close the midday Kerb at £317. The price came back a little during the afternoon, and then rallied later to close on the late Kerb at £317. Turnover: 9,025 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffici'	+ or —
	£	£	£	£
Cash	306-7	+7.5	303-0	—4.75
3 months	318-9	+8	315-6.5	+5.75
S'ment	307	+7.5	—	......
Primw'ts	—	......	*35.5	......

Morning: Cash £303.5, 06, three months £314, 13, 14, 15, 15.6, 16, 18. Kerb: Three months £318, 16, 17. Afternoon: Three months £317 17.5, 18, 17, 18, 17, 16, 15.5, 15, 15.5, 16. Kerb: Three months £317, 18, 17.

ALUMINIUM—Unchanged in quiet conditions. £726 was the day's low point, reached early on, and thereafter forward metal followed copper upwards. The backwardation narrowed to £9. The close on the late Kerb was £732. Turnover: 4,750 tonnes.

Alumin'm	a.m. Official	† + or —	p.m. Unoffici'l	† + or —
	£	£	£	£
Spot	739-40	—9	737-9	—16

CORAL INDEX: Close 485-490 (—3)

COCOA

After opening unchanged to the previous close futures traded within a £20 range and ended the day at the highs, some £10 above the levels of Wednesday evening, reports Gill and Duffus.

SOYABEAN MEAL

The London market opened steady, reports T. G. Roddick. Continued concern over the size of the soyabean crop encouraged renewed buying with short covering in the latter part of day and prices finished very firm with gains of £4-£4.50.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 31 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815

AMERICAN MARKETS

NEW YORK, July 31.

AGRICULTURAL COMMODITIES again responded to unfavourable weather prospects. Soyabeans and meal were locked limit up, while maize, wheat, soyabean oil, cotton, and the livestock complex were all sharply higher. Sugar also responded on the upside to reports of crop damage in the Soviet Union. Coffee continued to rally on trade and technical buying. Chart selling dominated the cocoa market.

342¾ (332¾), March 351, May 356¾, July 358½-358, Sept. 353.

Pork Bellies Aug. 41.50-41.20 (40.42), Feb. 58.57 (56.57), March 59.00, May 59.30, July 59.25, Aug. 58.60.

Silver—Aug. 1538.0 (1564.5), Sept. 1550.0 (1578.5), Oct. 1563.0, Dec. 1595.0, Feb. 1626.0, April 1657.0, June 1688.0, Aug. 1719.0, Oct. 1750.0, Dec. 1781.0, Feb., April, June —, Aug. 1905.0, Oct., Nov. —.

†Soyabeans—Aug. 773½ (743½), Sept.

EUROPEAN MARKETS

July $215, Aug. $213, Sept. $215.50, Oct. $220, Nov. $222.50, Dec. $230. Rest unquoted.

Maize—Spot $163, afloat $159.50, July $160, Aug. $158.50, Sept. $158.75, Oct.-Dec. $162.50, Jan.-March $170 sellers, Aug. $158, Oct-Dec. $162.50 traded.

Barley—Aug. $171.50, Sept. $173.50, Oct. $175.50.

Soyabeans—U.S. Two Yellow Gulfports Aug. $307.50, Sept. $312.50, Oct. $316, Nov. $316, Dec. $321.50, Jan.

Pellets afloat July $261, Aug. $262, Sept. $267.50, Oct. $272.50, Nov./March $281.

PARIS, July 31

Cocoa—(FFr per 100 kg)—July expired, Sep. 919-929, Dec. 970-979, March 1,016-1,023, May 1,030-1,045, July 1,045-1,060. Sales at call 0.

Sugar—(FFr per 100 kg)—Oct. 3,031-3,040, Nov. 3,100, Dec. 3,065-3,070, March 3,165-3,210, May 3,130, July 3,120, Aug. 3,100, Oct. 3,080. Sales at call: 22.

INDICES

FINANCIAL TIMES

July 30	July 29	Mnth ago	Year ago
271.41	272.60	271.09	273.74

(Base: July 1, 1952=100)

MOODY'S

July 30	July 29	M'nth ago	Year ago
1204.9	1209.3	1186.6	1060.8

(December 31, 1931=100)

DOW JONES

Dow Jones	July 30	July 29	Month ago	Year ago
Spot	436.01	438.41	437.95	393.62
F'tur s	448.84	445.42	444.83	406.68

(Average 1924-25-26=100)

REUTERS

July 30	July 29	M'nth ago	Year ago
1700.9	1696.7	1686.0	1533.3

(Base: September 18, 1931=100)

per 10 lbs 3.20. Grapes—per pound Cypriot: Cardinal 0.30, Sultana 0.40. Melons—Israeli: Ogen 3.00-4.00; Yellow 10 kg 3.20-3.60. Watermelons—Greek: per 12 kilos 3.00. Bananas—Jamaican: 28 lb, per pound 0.17. Tomatoes—Dutch: 2.00-2.40; Guernsey: 2.60; Jersey: 2.60; French: 12 lb 2.20. Onions—

0.10. Beetroots—per bag 1.20. Cucumbers—trays 10/20s 2.00-2.40. Tomatoes—per 12 lb 1.80-2.00. Lettuces—per pound round 1.15, Cos 1.80, Webbs 1.80. Carrots—New crop 28 lb 1.00-2.00. Onions—per bag 3.50-4.20. Celery—English 12/30s 2.60-2.80. Cherries—per pound 0.30-0.40. Marrows—Each

Unchanged MLR leaves Gilts with fresh heavy falls and leading equities only marginally better on balance

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
July 14	July 24	July 25	Aug. 4
July 28	Aug. 7	Aug. 8	Aug. 18
Aug. 11	Aug. 28	Aug. 29	Sept. 8

* "New time" dealings may take place from 9 am two business days earlier.

Contrasting trends were again evident yesterday in London stock markets. Throughout the morning session, the dominating and only influence was the possibility of another reduction to Minimum Lending Rate. The decisin was thought to be finely balanced, but leading equities adopthed a firm undertone despite a limited trade. Government securities, on the other hand, continued to give ground on renewed selling, having already discounted a substantial fall in MLR.

When the 12.30 pm deadline passed without any MLR announcement, markets began to show disillusionment and business in the equity sectors slowed to a trickle. Leading shares and particularly beneficiaries of lower interest rates, such as Properties, began to ease and recently buoyant Electricals attracted profit-taking. Gilt-edged also came under fresh selling pressure and, with buyers remaining firmly on the sidelines, their earlier losses were soon doubled.

Current trading stocks, especially **Treasury** 13 per cent 2000, sustained falls of 1¼ points, while the £20-paid medium tap stock, **Treasury** 11¾ per cent 1991 A, fell to 18½, or 1½ discount on its issue price. Once again, tight money conditions contributed to lack of domestic demand *at both ends of the market*, while more profit-taking by overseas investors was another adverse influence. Short-dated issues were not immune from the weakness and closed with losses extending to ⅝.

The FT Industrial Ordinary share index measured the market's anticipation of a reduction in MLR with a rise of 3.6 at noon, but the gain was whittled away to only 1.6 at the close of *490.3*. Movements in constituents of the index were modest with the notable exceptions of GEC, down 6 at 478p, after 488p, and Bowater, 6 up at 185p.

The Kingdom of Denmark 13 per cent 2005 sterling loan failed to excite attention in first-time dealings and, in £20-paid form, closed at 18¼.

Demand for Traded options improved slightly, although the 553 contracts completed still fell *well below the level of recent* weeks. **Lonrho** however, remained active and was the only issue to record a three-figure business with 170 trades.

Reflecting fresh dullness in Oils, recently-isued **Marinex** gave up 11 to 136p, which compares with the offer for sale price of 160p.

Hire Purchases drifted lower on mild disappointment with the decision to hold Minimum Lending Rate at 16 per cent. **UDT** gave up 3 to 66p, while **Lloyds and Scottish** eased 2 to 165p as did **F.C. Finance**, to 90p. **Provident Financial**, *146p*, and **Wagon Finance**, 47p, relinquished a penny apiece, while the recently favoured **FNFC** softened a fraction to 28p.

Apart from **London United**, 5 *better at 148p*, *Insurances* gave ground. **General Accident**, 322p, and **GRE**, 324p, lost 6 apiece, while **Royals** shed 5 to 392p.

Brewery majors often finished with small falls although the undertone remained firm. Regional issues were featured by **Belhaven**, 3 better at 27p following Press comment on the annual results and capital proposals.

Ahead of next Tuesday's half-*yearly results*, ***Taylor Woodrow*** rose 9 for a two-day gain of 15 to 476p. Business in other Buildings *was down to* a trickle, *but* **Tarmac**, reflecting buying that developed late on Wednesday, *improved 5 to 272p, while* **Barratt Developments** hardened 3 to 121p following a favourable Press mention. **J. Jarvis** put on 13 for a two-day gain of 15 to 139p in a thin market in response to the preliminary results, while **Comben**, interim results August 11, added a couple of pence to 34p. Among Timbers, **Mallinson-Denny**, the subject of a dawn raid on behalf of Brooke Bond last week, added 2½ to 72p.

A couple of pence better initially, **ICI** slipped back on lack of interest and closed that much cheaper on balance at 372p. Among other Chemicals, **Anchor** *revived with a gain of 3 at 84p*, but **William Ransom** lost 5 to 245p, the latter following the annual results.

Dixons dip and rally

Dixons Photographic eased a shade to 92p in immediate response to the disappointingly small increase in annual profits: support developed at the lower level however, and the shares rallied to close 2 better on balance at 95p. The reduced interim profits and dividend and a warning about the annual profit depressed **Martin Ford**, 6 lower at 24p. **W. H. Smith** shed *4 to 151p, but scattered support* was again evident for **Lee Cooper**, 8 up at 138p. **Polly Peck** were quoted at 106p ex the rights issue, while the new nil-paid opened at 35p premium and drifted down to end at 30p premium. A useful business was tranacted in **Marks and Spencer**, 3 firmer at 101p, but other leaders remained subdued.

Persistent speculative buying fuelled by revived suggestions that Tyco Laboratories Inc. of the U.S., holders of a near-15 per cent stake, might launch a full-scale bid helped **Muirhead** feature Electricals with a rise of 12 to 138p, after 148p. **Cray Electronics** rose 2 to 37p on demand in front of today's preliminary results while **Quest Automation** revived with a gain *of 7 at 147p. A good two-way business* was transacted in **GEC** which touched 488p in the early trade before reacting on profit-taking to finish a net 6 lower at 478p. **Thorn EMI** at 344p, lost half of the previous day's improvement of 4 which followed news of the proposed £23m sale of EMI's hotel and restaurant division to Scottish and Newcastle Breweries.

Wellman became a firm counter in Engineerings, rising 4 to *73p*, after 74p, on the announcement that Redman Heenan had placed its entire 28.9 per cent stake, 3.3m shares, with various UK institutions at a price of nearly 69p per share. *The* chairman's encouraging remarks at the AGM concerning current-year trading helped **Renold** harden a couple of pence to 74p, *while improvements of* between 3 and 5 were seen in **J. H. Dennis**, 32p, **Duport**, 36p, and **Williams and James**, 155p. Comment on the half-yearly results helped **F. Pratt** put on 3 to 53p but **Habit Precision** dipped 1½ to 12p *in* belated reaction to lower mid-term profits. The leaders perked up *a little but the volume of business* was small; **Tubes** regained 2 to 262p and **Hawker** rallied a like amount to 228p.

In Foods, **Fitch Lovell**, up 3 at 79p, after 80p, reflected the increased annual profits and dividend. Profit-taking clipped 6 from recently firm **Associated Dairies**, 198p, but **Kwik Save** hardened a couple of pence to 120p. **Rowntree Mackintosh** rose 4 to 158p on revived investment buying, while **Tate and Lyle** picked up 3 to 139p.

Reed below best

Comment on the group's recovery prospects in the wake of the extremely poor first-quarter profits prompted a rally in **Reed International** which *touched 198p before closing* a couple of pence better at 193p. **Bowater** regained 6 in sympathy, while other miscellaneous industrial leaders again displayed no set pattern. **Pilkington** added 7 to 255p and **Metal Box** 4 to 292p. On the other hand, **Turner and Newall**, recently bought on bid hopes, relinquished 3 to 125p. Elsewhere, speculation concerning Rothschild's 26 per cent stake continued and **Royal Worcester** jumped 11 more making an advance on the week so far of 33 to 326p. **Lep Group** moved up 7 to 272p in late response to the 32 per cent dividend increase and high profits. **Portals** added 10 to 402p, while other double-figure rises, between 12 and 15, were seen in **Aeronautical and General**, 365p, **Applied Computer**, 420p, **Broken Hill Proprietary**, 755p, and **Christies International**, 198p. Investment demand lifted **Vinten** 7 to 173p, while **Phillips Patents** improved 2 to 15p reflecting the company's return to the dividend list for the first time in five years. By way of contrast, **Hirst and Mallinson** fell 3 to 17p on the half-year deficit and interim dividend omission.

Apologies are extended to S. Simpson and to readers for the Share Information Service showing the price of the ordinary shares against the designated "A" shares for several weeks up to and including last Wednesday's issue; the "A" held at 62p yesterday.

Down 7 on Wednesday following the death of the chairman, **Campari** rallied 6 to 61p. Elsewhere in the Leisure sector, **Associated** came in for support and put on 2½ to 103½p, but **Coral** shed a penny more to 63p.

The cautiously optimistic tone of the chairman's statement which accompanied the lower first-half profits helped **Lex Service**, 1½ up at 79p. Other Motor Distributors also turned firmer, where altered. **Harold Perry** added 3 to 72p, while **Henlys** gained a penny more to 93p. Awaiting news from the annual meeting, **Caffyns** picked up 6 to 148p. **ERF** found renewed support and put on 3 to 68p. In Components, **Lucas** touched 220p, before settling for a gain of 2 at 216p, but **Flight Refuelling** eased 2 to 266p.

The unchanged Minimum Lending Rate made no apparent impression on Properties. Leading issues, a touch easier at one stage, picked up to close virtually unchanged on the day. Comment on the preliminary results clipped 10 from **Stock Conversion**, *435p. Fresh interest was shown* in **North British Properties**, up 4 to 159p, while **Avenue Close** firmed 3 to 130p. **Town Centre** hardened a couple of pence to 57p, while **Warner Estates**, 300p, and ***Warnford Investments***, 440p, both improved 5. Elsewehre, **McKay Securities** shed 5 to 140p, while the new nil-paid shares lost 10 to 20p premium.

Quiet mines

Mining markets were again quiet yesterday, with the uncertain course of the bullion price exercising an unsettling effect. Gold closed at $616.5, for a loss of $14 on the day, and the Gold Mines index fell 6.9 to 369.8.

South African Golds moved ahead during the morning, ran into further profit-taking in the *early afternoon following* the recent rises and then rallied to close above the worst.

East **Driefontein** closed at £10½, down ¾, while **West Driefontein** and **Kloof** each lost ½ to £36⅞ and £13½ respectively. Among the lower-priced issues, **Doornfontein** closed 30 down at 803p, **Stilfontein** gave up 29 to 857p and **Harmony** fell 27 to 985p.

South African Financials followed a similar course during the day, with **Anglo American** finally 10 lower at 675p, **"Amgold"** down ½ at £39¼, and **Gold Fields of South Africa** *losing ⅜ to £33⅜. **De Beers** and* **"Johnnies"** both closed unchanged at 420p and £26½ respectively, while **Gencor** put on 20 to 860p.

London Financials were also mostly lower, with **Consolidated Gold Fields** closing down 5 at 500p, after 494p, and **Tanks** losing ¼ to £20¼. **Charter Consolidated** put on 2 to 210p, while **Rio Tinto-Zinc** ended unchanged at 463p.

Australians were also very quiet. **Western Mining**, up 7 to 268p on the back of the encouraging quarterly report, were the main feature.

Platinums weakened again, with **Impala** losing 6 to 322p, **Lydenburg** 3 to 154p and **Rustenburg** 5 to 235p.

The recent sharp rise in Tin shares, mainly in advance of the Malaysia Mining Corporation merger proopsals, ran out of steam and most of the leading shares closed unchanged on the day. **Supreme** and **Tanjong**, two companies not involved in the merger, reached 1980 highs with gains of 10 to 50p and 6 to 108p respectively.

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	360	22	20	40	—	50	—	352p
BP	390	12	20	26	—	—	—	"
BP	420	4	6	—	—	—	—	"
Com. Union	160	6	1	10	—	14	—	148p
Cons. Gold	500	43	3	62	1	77	—	500p
Cons. Gold	550	24	6	40	—	55	—	"
Cons. Gold	600	15	2	25	31	—	—	"
Courtaulds	70	5½	10	9	3	12½	—	67p
GEC	330	166	2	180	—	—	—	481p
GEC	420	78	6	100	—	—	—	"
GEC	460	44	1	70	—	88	—	"
GEC	500	23	28	44	—	64	3	"
Grand Met.	160	9	—	17	16	22	—	155p
Land Secs.	273	108	1	76	—	—	—	371p
Land Secs.	323	61	4	56	—	—	—	"
Land Secs.	353	39	4	34	1	—	—	"
Land Secs.	390	19	—	26	2	49	—	"
Marks & Sp.	90	15	43	19	20	23	—	101p
Marks & Sp.	100	8	21	12½	9	16	—	"
Shell	420	23	20	38	1	48	—	408p
Shell	460	12	3	22	—	30	—	"
Totals			201		83		3	

Option	Ex'rcise price	August Closing offer	August Vol.	November Closing offer	November Vol.	February Closing offer	February Vol.	Equity close
Imperial Gp.	70	12	5	13½	—	16½	—	81p
Imperial Gp.	80	3	18	6	—	10½	—	"
Lonrho	74	34	1	35	—	38	—	105p
Lonrho	104	7	65	14½	108	19	—	"
Lonrho	114	3½	—	9½	4	15	2	"
P. & O.	130	5	—	11½	1	14	—	127p
Racal Elec.	260	22	32	39	1	52	—	279p
Racal Elec.	280	9	2	27	—	39	—	"
Racal Elec.	300	3½	—	17	10	29	—	"
RTZ	360	108	—	118	2	142	—	465p
RTZ	420	48	—	68	2	98	—	"
RTZ	460	13	1	40	22	67	—	"
Totals			114		150		2	

MONTHLY AVERAGES OF STOCK INDICES

—	July	June	May	April
Financial Times				
Government Securities	71.16	68.87	67.76	66.16
Fixed Interest	72.53	69.62	67.90	66.48
Industrial Ordinary	488.5	451.2	432.4	435.4
Gold Mines	366.0	335.8	306.1	299.9
Total Bargains	*24,530*	*21,454*	*18,650*	*19,631*
F.T.—Actuaries				
Industrial Group	250.42	251.24	225.78	222.55
500 Share	294.14	276.76	264.79	262.18
Financial Group	229.54	210.11	200.51	194.82
All-Share (750)	280.90	261.24	249.28	246.10
Red. Debs.& Loans	54.19	52.16	51.09	49.72

	High	Low
Industrial Ordinary	503.1 (16th)	461.4 (1st)
All-Share	288.10 (21st)	267.01 (1st)

FINANCIAL TIMES STOCK INDICES

—	July 31	July 30	July 29	July 28	July 25	July 24	A year ago
Government Secs.	70.78	71.43	71.81	72.26	72.16	72.24	72.83
Fixed Interest	72.81	73.36	73.57	73.63	74.07	74.08	73.60
Industrial	490.3	488.7	489.7	485.9	487.3	487.0	455.7
Gold Mines	369.8	376.7	383.8	378.1	383.6	377.2	150.1
Ord. Div. Yield	7.41	7.42	7.41	7.49	7.45	7.44	7.08
Earnings, Yld. % (full)	17.75	17.78	17.76	17.94	18.09	18.05	17.94
P/E Ratio(net) (*)	6.79	6.78	6.79	6.72	6.66	6.67	7.07
Total Bargains	19,916	19,636	20,026	20,719	23,698	23,655	—
Equity turnover £m.	—	112.56	102.86	95.17	141.13	129.95	68.12
Equity bargains total	—	13,559	14,907	16,052	17,758	16,193	10,552

10 am 489.8. 11 am 492.3. Noon 491.9. 1 pm 491.5. 2 pm 491.4. 3 pm 490.8.

Latest Index 01-246 8026.

*Nil=6.33.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.54 (21/7)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	503.1 (16/7)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	383.8 (29/7)	265.5 (18/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	July 31	July 30
—Daily		
Gilt Edged	115.2	135.9
Industrials	109.1	97.3
Speculative	33.3	43.6
Totals	76.5	74.6
5-day Avrge.		
Gilt Edged	119.4	119.3
Industrials	104.8	103.8
Speculative	36.6	37.8
Totals	75.9	75.4

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (100)

AMERICANS (16)
BANKS (3)
BEERS (1)
BUILDINGS (6)
CHEMICALS (1)
DRAPERY & STORES (5)
ELECTRICALS (3)
ENGINEERING (2)
INDUSTRIALS (27)
LEISURE (1)
MOTORS (1)
PAPER (1)
PROPERTY (14)
TRUSTS (14)
OVERSEAS TRADERS (2)
MINES (3)

NEW LOWS (15)

BRITISH FUNDS (4)
Treas. 12pc 1987 (£20 paid) — Exchqr. 3pc '83 A
Exchqr. 12¼pc 1985 A (£40 paid)
Treas. 11¾pc 1991 A (£20 paid)

CHEMICALS (2)
British Benzol — Fisons

STORES (1)
Ford (Martin)

ENGINEERING (3)
Camford Eng. — Habit Precision
Edbro (Hldgs.)

INDUSTRIALS (4)
Armour Trust — Hirst & Mallinson
Durapipe — Wood & Sons

NEWSPAPERS (1)
Intl. Thomson Conv.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	3	88	3
Corpns. Dom. and Foreign Bonds	1	29	38
Industrials	246	175	878
Financial and Prop.	95	94	307
Oils	8	31	17
Plantations	3	5	17
Mines	29	57	78
Others	73	20	77
Totals	458	499	1,583

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur., July 31, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., July 30 Index No.	Tues., July 29 Index No.	Mon., July 28 Index No.	Fri., July 25 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	282.19	−0.1	16.39	5.82	7.38	282.42	280.92	277.70	278.25	235.02
2	Building Materials (28)	266.33	+0.6	17.32	6.29	6.79	264.80	264.51	262.69	263.04	220.85
3	Contracting, Construction (27)	421.39	−0.3	21.82	5.76	5.47	422.50	417.70	415.40	415.22	349.93
4	Electricals (16)	803.70	−0.9	12.23	3.28	10.13	810.83	803.55	790.85	793.84	577.66
5	Engineering Contractors (11)	336.50	+0.4	20.18	7.74	6.21	335.10	332.76	329.95	330.24	364.31
6	Mechanical Engineering (74)	183.10	+0.6	17.33	7.25	7.02	182.09	181.68	179.51	180.00	171.19
8	*Metals and Metal Forming (16)*	172.16	—	21.05	9.86	5.67	172.22	171.85	170.74	169.77	156.88
11	CONSUMER GOODS (DURABLE) (49)	237.88	+0.2	13.96	5.50	8.61	237.37	233.70	228.91	229.85	222.76
12	Lt. Electronics, Radio, TV (14)	356.14	—	10.78	3.96	11.38	356.09	349.64	340.76	341.59	310.61
13	Household Goods (14)	100.06	−0.2	24.22	10.55	5.21	100.21	99.41	97.39	97.18	148.89
14	Motors and Distributors (21)	104.77	+1.0	22.15	9.43	5.21	103.77	102.90	102.42	103.52	109.42
21	CONSUMER GOODS (NON DURABLES) (172)	236.58	+0.3	17.51	6.83	6.90	235.88	234.87	233.31	234.10	230.92
22	Breweries (14)	284.95	−0.5	15.92	6.46	7.33	286.31	285.07	284.22	284.87	275.55
23	Wines and Spirits (5)	320.95	−0.1	18.90	6.35	6.23	321.35	319.87	317.60	317.60	326.88
24	Entertainment, Catering (17)	334.71	+0.2	17.25	6.68	7.19	333.93	335.05	334.37	335.75	299.50
25	Food Manufacturers (21)	214.25	+0.4	18.98	7.00	6.19	213.33	212.77	212.21	213.23	198.18
26	Food Retailing (13)	352.01	−0.3	11.99	4.49	9.95	352.96	349.09	346.27	346.89	300.53
32	Newspapers, Publishing (13)	442.53	+0.2	21.57	6.61	6.26	441.71	439.56	434.40	434.63	396.48
33	Packaging and Paper (15)	134.04	+1.5	26.66	9.77	4.36	132.06	133.83	132.07	132.71	122.61
34	Stores (45)	233.21	+0.7	13.51	5.39	9.65	231.50	228.87	226.30	227.72	237.01
35	Textiles (21)	125.62	+0.4	26.17	12.57	4.65	125.08	125.79	125.78	126.32	149.66
36	Tobaccos (3)	224.36	−0.4	25.58	10.38	4.45	225.35	225.85	224.87	224.38	237.14
37	Toys and Games (5)	26.53	−2.0	8.48	14.37	27.28	27.06	26.53	26.16	26.16	67.87
41	OTHER GROUPS (99)	227.46	—	16.17	6.81	7.35	227.49	226.89	225.96	226.25	192.49
42	Chemicals (16)	316.09	−0.4	19.63	7.62	5.84	317.29	316.85	315.48	315.94	265.73
43	Pharmaceutical Products (7)	227.66	+0.1	11.11	6.08	11.13	227.46	228.75	229.09	229.36	209.42
44	Office Equipment (6)	106.97	+0.7	18.93	7.76	6.16	106.20	104.65	104.04	103.82	117.17
45	Shipping (10)	594.76	−0.3	12.91	5.94	9.45	596.55	597.70	590.12	590.18	448.48
46	Miscellaneous (60)	287.99	+0.2	15.55	6.41	7.89	287.32	286.02	284.01	284.56	230.39
49	*INDUSTRIAL GROUP (492)*	253.56	+0.1	16.65	6.46	7.23	253.26	252.00	249.90	250.54	228.93
51	Oils (8)	785.32	−0.6	29.28	6.54	3.77	789.94	791.75	788.58	787.29	637.16
59	500 SHARE INDEX	295.80	—	19.18	6.47	6.11	295.87	294.83	292.63	293.14	261.89
61	FINANCIAL GROUP (118)	230.75	−0.5	—	5.53	—	231.92	231.18	228.96	229.70	183.66
62	Banks (6)	225.26	−0.2	44.93	7.46	2.65	225.72	225.40	224.70	227.69	217.78
63	Discount Houses (10)	298.25	−0.6	—	5.95	—	300.06	302.31	298.41	298.69	253.18
64	Hire Purchase (5)	244.97	−1.7	12.65	4.08	10.30	249.32	249.22	247.79	247.66	159.36
65	Insurance (Life) (10)	229.49	−0.6	—	5.55	—	230.84	231.11	229.67	229.74	146.66
66	Insurance (Composite) (9)	155.76	−1.2	—	6.91	—	157.62	156.92	154.35	154.54	121.20
67	Insurance Brokers (9)	338.84	−0.4	13.71	6.81	10.02	340.25	336.67	332.72	332.84	246.79
68	Merchant Banks (12)	141.22	−0.1	—	5.03	—	141.37	141.69	141.20	141.65	94.83
69	Property (45)	444.61	−0.2	3.21	2.64	43.28	445.62	442.88	435.70	434.38	347.97
70	Miscellaneous (12)	140.53	−0.2	14.72	6.25	8.64	140.84	141.59	141.69	143.16	112.95
71	Investment Trusts (109)	259.70	+0.2	—	5.48	—	259.25	258.65	258.75	262.59	202.31
81	Mining Finance (4)	236.96	−0.2	11.39	4.16	10.59	237.47	241.47	241.47	242.85	116.44
91	Overseas Traders (19)	416.71	+0.5	12.06	7.11	9.99	414.68	411.49	413.63	408.94	327.42
99	ALL-SHARE INDEX (750)	282.29	−0.1	—	6.18	—	282.56	281.76	279.82	280.55	239.38

FIXED INTEREST PRICE INDICES

	British Government	Thur., July 31	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.11	−0.34	—	6.05
2	5-15 years	112.52	−0.98	—	8.31
3	Over 15 years	119.82	−1.15	—	7.78
4	Irredeemables	132.70	−1.06	—	7.24
5	All stocks	112.60	−0.84	—	7.21

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Thur., July 31	Wed., July 30	Year ago (approx.)
1	Low Coupons	5 years	11.67	11.49	10.27
2		15 years	11.62	11.46	10.72
3		25 years	11.62	11.46	11.17
4	Medium Coupons	5 years	13.06	12.88	12.33
5		15 years	12.94	12.77	12.28
6		25 years	12.84	12.67	12.23
7	High Coupons	5 years	13.19	13.00	12.59
8		15 years	13.30	13.14	12.59
9		25 years	13.09	12.90	12.59
10	Irredeemables		11.13	11.00	10.72

		Thur. July 31 Index No.	Thur. July 31 Yield %	Wed. July 30	Tues. July 29	Mon. July 28	Fri. July 25	Thur. July 24	Wed. July 23	Tues. July 22	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	55.65	†13.35	55.65	55.52	55.52	55.46	55.45	54.61	54.57	58.07
16	Investment Trust Prefs. (15)	50.94	13.25	50.94	50.94	50.94	50.94	50.94	51.28	51.28	50.69
17	Coml. and Indl. Prefs. (20)	68.56	13.10	68.51	68.55	68.56	68.50	68.10	68.25	68.25	71.85

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Marks & Spencer	25p	8	101	+ 3	102	77
Cons. Gold Fields	25p	7	500	− 5	567	385
GEC	25p	6	478	− 6	494	326
ICI	£1	6	372	− 2	402	348
Reed Intl.	£1	6	193	+ 2	215	163
BP	25p	5	348	—	412	320
Cadbury Sch'pes.	25p	5	60	+ ½	66	54
Commercial Union	25p	5	148	− 2	162	125
First Nat. Finance	*10p*	*5*	*28*	*− ½*	*29*	*9¼*
LASMO	25p	5	677	−18	830	337
RTZ	25p	5	463	—	485	327
Tate & Lyle	£1	5	139	+ 3	178	118
Assoc. Dairies	25p	4	198	− 6	204	160
BTR	25p	4	350	− 1	380	208
P & O Defd.	£1	4	127	—	135	105

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
July 21	Aug. 1	Oct. 23	Nov. 3
Aug. 4	Aug. 15	Nov. 6	Nov. 17
Aug. 18	Aug. 29	Nov. 20	Dec. 1

For rate indications see end of Share Information Service

Stocks favoured for the call included Sovereign Oil, Myson, Marlborough Property, Carrington Viyella, Burmah, Town and City, FNFC, R. P. Martin, BSG, Westminster Property, Premier Oil, Higgs and Hill, Raglan Property, ICI, Gulf Stream and British Land. Puts were transacted in Lonrho, Trusthouse Forte *and Myson, while doubles* were arranged in Town and City Properties, Lonrho and FNFC.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p‡	+ or —	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
§381½	F.P.	—	100	80	Energy Capital (12½p)	98	−5	—	—	—	—
—	F.P.	—	358	330	Gotaas-Larsen	358	......	—	—	—	—
¶¶	F.P.	—	257	215	††Hall Bros.	250	......	—	—	—	—
55	F.P.	—	90	74	Home Farm Prods 10p	90	+4	b2.9	2.6	4.6	12.3
160	F.P.	—	153	138	††Marinex 10p	138	−8	—	—	—	—
100	F.P.	—	110	91	Peerless	91	......	b6.3	2.8	9.9	4.5
§51	F.P.	—	78	67	††Rolfe & Nolan 10p	78	......	t1.0	3.6	2.0	2.5
§80	F.P.	—	112	99	††S.P.O. Minerals 10p	99	......	—	—	—	—
§57	F.P.	—	85	73	Utd. Electronic 20p	79	+1	b1.57	2.2	2.8	22.6

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or —
¶	F.P.	23/7	120	109½	British Home Stores 9% Cnv. Ln. '92	120	+3
100	F.P.	—	100½	99	Daiei 8½% Conv. Bds. due 1995	102	......
98	£20	—	18¾	18⅝	Denmark 13% 2005	18½	......
¶¶	F.P.	—	69	63¼	London & Midland Inds 8½pc Deb. '89-94	69	
100	F.P.	—	105	101	Outwich 10% Pref.	105	
¶	F.P.	8/8	108	103½	South Staff. Water 9¾% Rd. Pf. '85	105½	
¶	F.P.	29/8	104	103¼	Sunderl'd & S.Shields Wtr 9½% Rd. Prf. 1985	104	

"RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	51.7	55.6	+0.4	2.61
Abbey Capital	40.9	44.2	+0.1	5.54
Abbey General	51.7	55.9xd	+0.2	5.62
Abbey Gilt & F.I. Tst.	113.3	119.3	−0.6	11.47
Abbey Income	35.0	37.5xd	+0.1	9.15
Abbey W'Wide Bd-Tst.	93.7	99.2xd	+0.3	6.75
Abbey Inv. Tst. Fnd.	44.1	47.6xd	−0.1	5.33
Equitas Prog. Trust	77.9	84.2	+0.4	5.12

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	93.3	98.2	−1.4	12.50

Allied Hambro Ltd. (a) (b)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	85.5	90.5	+0.2	5.79
Brit. Inds. Fund	75.1	80.4	+0.1	6.47
Growth & Income	45.9	49.1xd	+0.1	5.46
Elect. & Ind. Dev.	42.3	45.3	+0.3	5.41
Allied Capital	88.8	95.0	+0.2	4.68
Hambro Fund	128.4	137.6	+0.2	6.31
Hambro Acc. Fund	162.7	174.1	+0.6	5.17
Income Funds				
High Yield Fd.	67.7	72.4	+0.2	9.88
High Income	76.2	81.5	+0.1	7.73
A. H. Eq. Inc.	43.4	46.4xd	+0.1	7.82
Govt. Secs.	26.3	27.0	−0.1	8.33
International Funds				
International	31.1	33.3	+0.2	3.24
Pacific Fund	51.5	55.1	+0.4	2.73
Secs. Of America	62.7	67.1	+0.8	2.68
Specialist Funds				
Smaller Co.'s Fd.	51.0	54.6xd	+0.2	4.67
2nd Smlr. Co's Fd.	59.8	64.0	+0.1	4.49
Recovery Sits.	126.0	134.8	+0.2	6.19
Met. Min. & C'dty.	64.1	68.6	+0.1	4.30
Overseas Earnings	64.0	68.5xd	+0.5	5.62
Exempt Funds				
Far East Exempt	57.2	59.5	+0.6	2.97
Smaller Co. Exempt	78.9	82.8	+0.3	4.83
U.S.A. Exempt	110.6	115.0	+1.5	3.04

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	63.4	68.0	.....	4.88

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	145.0	155.0	.....	12.00

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Capital†	27.6	29.8	.....	—
Commodity**	86.4	93.3	+0.9	2.90
(Accumulation)	133.6	145.2	+1.3	2.90
(10% Withdrawal)	67.6	73.0	+0.7	2.90
Eastern & Internatl.†	29.1	31.4	.....	1.00
(6% Withdrawal)	20.9	22.5	.....	1.00
Extra Income	99.7	108.4	+0.9	9.70
(Accumulation)	113.6	123.5	+1.0	9.70
Finance & Property*	23.3	25.1	.....	4.18
Foreign††	110.6	120.3	.....	1.00
Giants	41.3	44.6xd	.....	3.38
(Accumulation)	53.0	57.2xd	−0.1	3.38
Gilt & Fixed	43.8	46.6xd	−0.3	12.81
(Accumulation)	45.8	48.8xd	−0.2	12.81
Growth	38.9	42.0xd	+0.5	3.46
(Accumulation)	50.2	54.2xd	+0.7	3.46
High Income	79.7	45.2	.....	8.39
(Accumulation)	62.3	67.8	.....	8.39

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	66.3	69.7	.....	4.19

For Cosmopolitan see Chieftain Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
40 Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	39.1	41.6xd	.....	10.89
North American	51.4	55.5	+0.5	3.08
Canadian Exempt*	61.4	64.9		3.66
Canadian Trust	58.4	63.2	+0.5	2.85
Mid Mount High Inc.*	50.9	53.7	.....	8.98
Recovery	58.4	63.6	.....	6.89
Gilt Trust	46.1	48.1	+0.2	10.46

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	31.9	33.4	+0.5	1.12
Cres. Internat'l.	64.8	69.9	+0.6	2.50
Cres. High. Dist.	42.2	45.5	.....	10.71
Cres. Reserves	49.0	52.9	+0.1	5.67
Cres. Tokyo	20.3	21.9	+0.3	1.00

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.8	25.2	.....	12.4

Discretionary Unit Fund Managers
Bilbao Hse, 36/38 New Broad St, EC2M 1NU.
01-638 4485

Disc. Inc. July 25	222.4	237.2	.....	5.41

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.3	19.1	.....	7.48
Gt. Winchester O'seas	22.6	24.9xd	.....	4.42

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	80.9	87.0	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	83.7	88.1	+0.5	4.83

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 6891

American	26.6	28.7	+0.6	1.17
Fixed Interest	25.6	27.0xd	−0.1	12.28
Growth + Income	31.4	33.8	+0.1	7.29
Special Sits.	33.9	36.5	−0.2	2.01

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	32.4	34.8	.....	1.76
Accum. Units	39.8	42.8	.....	1.76
J. Finlay High Income	35.6	38.3	.....	9.52
J. Finlay Euro.Fin.	22.1	23.8	.....	3.81
Accum. Units	27.6	29.7	.....	3.81
J. Finlay Fd. In. Tst.	37.5	40.5	.....	5.65
Accum. Units	46.3	49.7	.....	5.65

Prices on July 30. Next dealing August 6.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American July 28	55.6	59.2	.....	1.11
Am. T'around July 28	55.0	58.5xd	.....	1.97
Capital Tst.	56.6	60.4	.....	5.47
(Accum. Units)	57.6	61.4	+0.2	5.47
Extra Income Trust	49.6	53.0xd	+0.2	10.30
Income Tst.	38.8	41.4	.....	8.13
Int. Growth Fd.	50.0	53.4	+0.8	1.91
(Accum. Units)	53.2	56.8	+0.8	1.91

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	56.9	60.8	+0.5	4.58
Do. Accum.	80.2	85.7	+0.7	4.58

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital July 17	133.1	134.9	.....	4.94
Gross Inc. July 17	80.2	82.7xd	.....	11.00
High Yield July 17	94.2	97.4	.....	10.20

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588
See also Stock Exchange Dealings.

American	54.2	57.5xd	+0.7	2.20
(Accum. Units)	57.5	61.0	+0.8	2.20
American Recovery	54.5	57.8	+0.9	2.24
(Accum. Units)	55.6	58.9	+1.0	2.24
Australasian	104.9	112.8	−0.6	0.79
(Accum. Units)	109.2	117.4	−0.6	0.79
Commodity	118.5	126.2xd	+0.2	3.52
(Accum. Units)	137.7	146.7	+0.3	3.52
Compound Growth	150.8	162.1	+0.8	3.83
Conversion Growth	100.8	107.3	+0.5	2.89
Conversion Inc.	74.3	79.1	−0.2	9.58
Dividend	130.0	141.0	.....	9.16
(Accum. Units)	278.7	302.4	+0.1	9.16
European	62.7	66.8	−0.1	3.60
(Accum. Units)	67.8	72.2	−0.2	3.60
Extra Yield	86.0	93.3	−0.1	10.16
(Accum. Units)	129.9	140.9	−0.1	10.16
Far Eastern	83.1	88.5	+0.6	1.68
(Accum. Units)	94.0	100.1	+0.7	1.68
Fund of Inv. Tsts.	81.5	87.6	.....	4.70
(Accum. Units)	107.6	115.7	+0.1	4.70
General	209.6	225.3xd	+0.4	6.31
(Accum. Units)	355.0	381.6	+0.7	6.31
High Income	108.4	115.5	−0.1	9.86
(Accum. Units)	208.4	222.0	−0.3	9.86
Japan	132.3	140.9	+1.6	1.12
(Accum. Units)	138.3	147.3	+1.8	1.12
Magnum	320.4	341.2xd	−0.1	4.64
(Accum. Units)	434.7	463.0	−0.2	4.64
Midland	168.6	179.6	+0.5	9.59
(Accum. Units)	310.7	330.9	+0.8	9.59
Recovery	122.1	130.0xd	+0.5	6.14
(Accum. Units)	134.4	143.1	+0.5	6.14
Second Gen.	220.5	237.0xd	+0.1	5.35
(Accum. Units)	361.0	388.1	+0.1	5.35
Smaller Companies	238.7	254.2	+1.5	4.69
(Accum. Units)	317.2	337.8	+2.0	4.69
Specialised Funds				
Trustee	163.8	176.1	−0.1	7.07
(Accum. Units)	356.2	382.9	.....	7.07
Charibond July 29		107.3	.....	11.84
Charifund July 29	166.9	169.4	.....	8.83
Pension Ex. July 28	168.2	177.5	.....	6.59

ManuLife Management Ltd.
St. George's Way, Stevenage. 0438 56101

Growth Units	75.3	79.3	.....	4.47

Mayflower Management Co. Ltd.

J. Henry Schroder Wagg & Co. Ltd.♥(a)(c)
120, Cheapside, E.C.2. 01-240 3434

Capital July 29	137.9	148.2	.....	3.23
(Accum. Units)	175.1	188.2	.....	3.38
Income Fd. July 29	205.9	221.2xd	.....	8.26
(Accum. Units)	243.5	359.3	.....	8.26
Gen. July 30	108.7	116.8xd	.....	4.36
(Accum. Units)	145.1	156.0	.....	4.36
Europe July 24	25.2	27.0	.....	4.03
(Accum. Units)	29.2	31.3	.....	4.03
*Pn & Ch Fd July 22	216.9	223.6xd	.....	5.11
*Recovery July 8	254.4	262.2	.....	5.56
*Spec. Ex. July 8	350.6	361.4	.....	3.45

*For tax exempt funds only

Scottish Equitable Fnd. Mgrs. Ltd.♥
28 St. Andrews Sq. Edinburgh 031-556 9101

Income Units	59.8	63.6	.....	5.23
Accum. Units	74.4	79.2	.....	5.23

Dealing day Wednesday.
For Sebag see Carr, Sebag Unit Trust Managers.

Security Selection Ltd.
Regis Hse., King William St., EC4. 01-623 4951.

Unvl Gth Tst Acc	34.1	36.3	.....	3.98
Unvl Gth Tst Inc	26.3	28.0	.....	3.98

Stewart Unit Tst. Managers Ltd.(a)
45, Charlotte Sq., Edinburgh. 031-226 3271

†Stewart American Fund				
Standard Units	68.6	73.0	+2.2	1.73
Accum. Units	75.4	80.3	+2.4	—
Withdrawal Units	48.3	51.4	+1.5	—
*Stewart British Capital Fund				
Standard	169.7	180.0	.....	5.95
Accum. Units	196.2	208.1	.....	5.95

Dealing †Tues. & Fri. *Wed.

Sun Alliance Fund Mngt. Ltd.
Sun Alliance Hse., Horsham. 0403 64141

Exp. Eq. July 9	302.10	318.10	.....	5.04
♥The Family Fd.	127.3	135.4	+0.1	5.08

Target Tst. Mngrs. Ltd.♥(a)(g)
31, Gresham St., E.C.2. Dealings: 0296 5941.
19, Athol Crescent, Edin. 3. 031-229 8621/2

Commodity	63.0	68.1	+0.2	2.52
Energy	45.4	51.7	+0.1	3.03
Financial	92.7	100.7	+0.6	3.99
Gilt Accum.	131.9	138.4	−2.1	3.50
Investment Trust	40.0	43.2	+0.2	3.89

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100 1/16	99 1/16	Exchequer 13pc 1980‡‡	99 5/16	......	13.09	14.75
99 5/16	96¾	Treasury 11½pc 1981‡‡	98 13/16	......	11.64	14.09
95¾	90⅛	Treasury 3½pc 1979-81	95 5/32xd	......	3.66	12.09
97⅞	93⅜	Treasury 9¾pc 1981‡‡	97½	–⅛	10.00	13.66
96¼	91¼	Exch. 8¼pc 1981	95 13/16	–⅛	8.61	13.46
96 15/16	92¼	Exch. 9½pc 1981	96½xd	–⅛	9.84	13.33
92⅝	85½	Exch. 3pc 1981	92½xd	–⅛	3.24	10.73
99⅛	96½	Treas. Variable '81‡‡	98 11/16	+1/16	15.14	15.73
99 13/16	95 5/16	Exch. 12¾pc 1981‡‡	99¼	–⅛	12.84	13.25
94 9/16	88½	Treas. 8½pc '80-82‡‡	93⅞	–⅛	9.05	13.21
90	82½	Treasury 3pc '82‡‡	89½xd	–¼	3.35	10.55
101 13/32	96⅝	Treasury 14pc '82‡‡	100⅞	–⅛	13.87	13.32
98¾	94¼	Treas. Variable '82‡‡	97⅞	+1/16	15.26	16.22
93⅛	86⅛	Treasury 8¼pc '82	92⅛	–⅛	8.95	12.98
93 5/16	86⅜	Exch. 9¼pc 1982	92⅜	–⅛	10.01	13.40
92⅝	85	Exch. 8¾pc 1983	91⅛	–⅛	9.57	12.96
83⅝	76½	Exch. 3pc 1983	83xd	–¼	3.61	10.78
83 1/32	82¾	Exch. 3pc 1983 A●	82¾	–⅛	3.62	10.91
98½	90⅞	Treasury 12pc 1983‡‡	97⅛	–⅛	12.35	13.24
96 5/16	90⅝	Treas. Variable '83‡‡	95 13/16	+⅛	15.57	16.73
92⅝	84½	Treasury 9¾pc '83	91 5/16	–⅛	10.14	12.92
102⅛	94¼	Exch. 13½pc '83	100¾	–⅛	13.39	13.16
93¾	84½	Exch. 10pc 1983	92⅜	–⅛	10.82	12.83
84½	76½	Funding 5½pc '82-84‡‡	83¾	–⅛	6.56	11.29

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
91	82¼	Aust. 5½pc '81-82	90¼	–½	6.21	13.41
85¼	72½	Do. 6pc 1981-83	84½	–½	7.16	12.12
67	58	N.Z. 7¼pc 1988-92	65	–¼	11.03	13.03
81½	72	Do. 7½pc '83-86	80¾	–¼	9.00	12.42
96¾	88	Sth. Africa 9½pc '79-81	96¼	–¼	10.11	14.85
160	107	Sth. Rhod. 2½pc '65-70	153#	......	—	—
169	133	Do. 6pc '78-81	167#	......	—	—

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

1980 High	Low	Stock	Price	+ or –	Div. Gross	Cvr	Yld Gr's
11 9/16	850p	Hudson's Bay ǁ	915xd	......	$1.20	—	5.0
14¼	925p	Hud.B.Oil G. $2½	12¾	+⅜	h57½	—	1.7
21⅞	13⅜	Imperial Oilǁ	15⅝	+¼	$1.40	—	3.2
14	855p	Incoǁ	960xd	+20	72c	—	2.8
565p	425p	Int. Nat. Gas $1	550p	+5	$1.00	—	6.9
495p	265p	Massey Ferg.ǁ	330p	+20	—	—	—
200p	100p	Place Gas $1	115p	......	—	—	—
14 7/16	10⅝	Rio Algom	12⅝	......	$1.50	—	4.5
19½	14⅛	Royal Bk.Can. $2	18⅝xd	......	$2.56	—	5.1
25⅞	15 5/16	Seagram Co. C$1	23½	......	SUS1.10	—	2.1
11 5/16	890p	Tor. Dom. Bk. $1	11⅝	......	$2.36	—	4.4
10½	815p	Trans Can. Pipe	920p	+40	$1.16	—	4.8

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

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DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

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FOOD, GROCERIES—Cont.

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Australian

Tins

Copper

Miscellaneous

High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
180	78½	Anglo-Dominion	150	......	—	—	—
97	52	Baryman	60	+3	—	—	—
17	12	Burma Mines 10p	14	......	0.62	1.1	6.4
146	53	Colby Res. Corp.	149	......	—	—	—
502	290	Cons. Murch. 10c.	310	......	hQ100c	1.8	18.5
180	105	††Hemerdon 10c.	105	......	—	—	—
585	325	Northgate C$1	380	......	—	—	—
465	327	R.T.Z.	463	......	15.0	3.2	4.6
33	16	Rober Mines	25	......	—	—	—
58	26	Sabina Inds. C$1	29	......	—	—	—
51	40	††SWCM 10p	42	......	—	—	—
650	411	Tara Expln. $1	460	+20	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † *Interim since increased or resumed.*
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ○ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ¶ *Forecast dividend; cover on earnings updated by latest interim statement.*
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ *Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.*
- ∇ Excluding a final dividend declaration.
- ☆ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. *m Interim higher than previous total. n Rights issue pending.* q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield *based on prospectus or other official estimates for 1981.* P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	32	......	Conv. 9% '80/82	£92	......
Bertam	16	......	Nat. 9¾% 84/89	£[illegible]	−½
Bdg'wtr. Est. 50p	445	......	Fin. 13% 97/02	£[illegible]	−¼
Clover Croft	60	......	Alliance Gas	46	......
Craig & Rose £1	£13	......	Arnott	200	......
Fife Forge	32½	......	Carroll (P.J.)	63	......
Finlay Pkg. 5p	19	......	Clondalkin	123	......
Graig Ship. £1	[illegible]	......	Concrete Prods.	75	......
Higsons Brew.	72	......	Heiton (Hldgs.)	33	......
Holt (Jos) 25p	250	......	Ins. Corp.	260	......
I.O.M. Stm. £1	[illegible]	......	Irish Ropes	46	......
Pearce (C. H.)	465	......	Jacob	33	......
Peel Mills	45	......	T.M.G.	87	......
Sheff. Refrshmt	[illegible]	......	Unidare	75	−5
Sindall (Wm.)	142	......			

OPTIONS
3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	27	Utd. Drapery	6½
BOC Intl.	6	"Imps"	6½	Vickers	12
B.S.R.	4½	I.C.L.	18	Woolworths	5½
Babcock	8	Inveresk	4	**Property**	
Barclays Bank	34	Ladbroke	15	Brit. Land	7
Beecham	20	Legal & Gen	15	Cap. Counties	9
Blue Circle	25	Lex Service	8	Land Secs.	24
Boots	16	Lloyds Bank	24	MEPC	17
Bowaters	15	"Lots"	3½	Peachey	13
B.A.T.	23	London Brick	6	Samuel Props.	12
Brown (J.)	6	Lucas Inds.	17	Town & City	2
Burton 'A'	18	"Mams"	14		
Cadburys	5½	Mrks. & Spncr	8	**Oils**	
Courtaulds	8	Midland Bank	26	Brit. Petroleum	32
Debenhams	8	N.E.I.	5	Burmah Oil	20
Distillers	17	Nat. West. Bank	27	Charterhall	10
Dunlop	7½	P & O Dfd.	10	KCA	11
Eagle Star	15	Plessey	14	Premier	13
F.N.F.C.	2¼	*Racal Elect.*	22	Shell	35
Gen. Accident	21	R.H.M.	4½	Tricentrol	40
Gen. Electric	30	Rank Org.	15	*Ultramar*	35
Glaxo	18	Reed Intnl.	16		
Grand Met.	12	Sears	5	**Mines**	
G.U.S. 'A'	34	Tesco	6	Charter Cons.	14
Guardian	23	Thorn	23	Cons. Gold	40
G.K.N.	20	Trust Houses	12	Lonrho	8
Hawker Sidd	15	Tube Invest.	23	Rio T. Zinc	35
House of Fraser	15	Unilever	40		
		U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

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FINANCIAL TIMES
Friday August 1 1980

CEGB attacks coal prices

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE NATIONAL Coal Board was accused yesterday of using the price it charged the Central Electricity Generating Board for coal to subsidise uneconomic pits.

This charge brings into the open a long-simmering row between the two nationalised industries over the price of coal.

The accusation was made by Mr. Glyn England, CEGB chairman, when he announced that his board had made a net loss last year of just over £47m, compared to a profit of £66m in 1978-79.

A small profit of £37m was recorded by the English and Welsh supply industry as a whole—the CEGB, the Electricity Council and the 12 area boards. But this was £214m down on 1978-79.

The industry blamed results mainly on inflation and increased costs, particularly of fuel, together with lower demand caused by the recession, a mild winter and engineering and steel industry strikes.

It confirmed an earlier announcement that electricity prices are to rise by 10 per cent from today—on top of a 17 per cent incerase last April. But Sir Francis Tombs, the Electricity Council chairman, saw no further rises before next April.

The industry, which relies on coal for 70 per cent of its power generation and brought £1.9bn worth from the NCB last year, is concerned about the effect on its prices of rapidly rising coal costs. The CEGB, in particular, apparently believes that the prices it pays to the NCB may be subsidising loss making pits by up to £100m.

Mr. England said that the CEGB wished to see coal prices reflect more closely the local costs of production. "We believe that the price we pay for coal from economic pits should not be used to subsidise uneconomic pits elsewhere."

He also revealed that the CEGB is planning to take a larger than usual amount of elderly power plant out of service over the coming two years.

HOW THE ELECTRICITY SUPPLY INDUSTRY PERFORMED

	1979-80	Change on 1978-79
Operating profit	£514m	−£161m
Profit after interest	£37m	−£214m
Income	£6,171m	+£726m
Expenditure	£6,134m	+£940m
Net assets at end of year	£7,179m	+£378m
Capital expenditure during year	£834m	+£118m

Figures for England and Wales only

Big rise in telephone charges

BY JASON CRISP

BRITISH TELECOM, the telecommunications side of the Post Office, yesterday announced major increases in telephone call charges, rentals and installation fees which it blamed on the Government's strict cash limits on its borrowings.

The increases—most of which take effect on November 1—will hit the private householder harder than business. The average phone bill for business will, according to the Post Office, rise by 18.5 per cent while the average residential bill will go up by 22 per cent.

The increases are the second in less than 12 months and prices will, on average, have increased by over 30 per cent since the start of this year. The rises were immediately condemned by the users' organisations.

The Post Office has a capital expenditure modernisation and expansion programme of £1.5bn this year and a 1980-81 borrowing limit of £78m. Mr. Peter Benton, managing director of British Telecom, said: "We really needed to invest £1.7bn this year, but under intense pressure we have cut this figure to below £1.5bn."

The increases will generate an extra £223m revenue in the current financial year, which British Telecom hopes will keep it inside its borrowing limits. In a full year the increases will raise around £827m.

Last week the Post Office agreed a pay increase of 23 per cent for its 146,000 engineering staff which in a full year would add about £150m to costs.

The basic unit fee for a telephone call will rise 0.5p to 4p a unit. The amount of time each unit buys on an inland call at the cheap rate will be cut by between 20 and 25 per cent.

Rentals for a business line will rise from £11.25 a quarter to £16.75, with those for residential lines going up from £9.50 to £12 a quarter. The minimum connection charges rise from £55 to £75 for business and £65 for residential.

The cost of renting private circuits—such as office-to-office lines—will increase by up to 50 per cent on short distances as part of British Telecom's long-term plan to increase charges on the shortest distances by 500 per cent.

The costs of renting private exchanges and telexes will almost double. From October 1 the quarterly rental for a telex exchange line with printer will be £1,100. A PABX 7 private exchange, a typical small private excange, will cost £1,100 a quarter compared with £635 previously. For both, installation costs will rise by around 50 per cent.

The one small piece of good news for business is a reduction of between 11 and 20 per cent intercontinental Telex charges.

The international direct dialling cheap rate is being extended by two hours in the morning up to 8 a.m.

Mr. Michael Corby, director of the Telecommunication's Users Association said "There can be no justification for prices outstripping inflation by over 50 per cent in an industry which is involved in a technology with falling real costs."

Mr. John Morgan, chairman of the Post Office Users National Council, said that "for an expanding industry with declining real costs to raise prices twice within a year is an affront to customers." He accepted Telecom's case for a substantial investment programme, needed not only to modernise the system but also to improve service.

Large fines for concrete pipe makers

By David Churchill, Consumer Affairs Correspondent

FOUR major concrete pipe manufacturers were yesterday fined a total of £185,000 and ordered to pay costs estimated at almost £500,000 for breaking a legal undertaking not to fix prices or tender for contracts collusively.

The fines, the largest ever imposed under the Restrictive Trade Practices Act, were announced yestreday by Mr. Justice Mocatta after a two-week hearing in the Restrictive Practices Court.

The four companies fined for contempt of court were Redland Pipes, ARC Concrete, Spun Concrete, and Mixedconcrete Pipes.

Redland was fined £100,000 and ordered to pay 45 per cent of the costs. ARC was fined £75,000 but also ordered to pay 45 per cent of the costs. Both Spun Concrete and Mixedconcrete Pipes were fined £5,000 each and ordered to pay 5 per cent of the costs each.

Mr. Justice Mocatta also requested that the Director General of Fair Trading should bring proceedings for contempt of court against Stanton and Staveley, a subsidiary of the British Steel Corporation.

Three of the companies — Redland Pipes, Spun Concrete, and Mixedconcrete — admitted committing contempt and apologised to the court.

● The Department of Trade last night published a consultative document on collusive tendering. The document, a response to a Green Paper by the previous Government, sets out the advantages and disadvantages of making collusive tendering a criminal offence as suggested in the Green Paper.

Chrysler losses reach $985m

BY IAN HARGREAVES IN NEW YORK

CHRYSLER, the U.S. motor company which has been saved from bankrutcy by Government aid, lost $985m (£419m) in the first hal fof this year—almost as much as it lost in the whole of 1979.

The company yesterady reported a second quarter loss of $536m, compared with a loss of $207m in the same quarter of last year, and said it had suffered a 38 per cent drop in worldwide unit sales of vehicles to a total of just under 300,000 units in the latest quarter

But Mr. Lee Iacocca, chairman of Chrysler, accompanied the dismal earnings statement with another confident declaration that the ocmpany's difficulties "should soon be overcome with the introduction of our new 1981 line of cars and trucks."

Mr. Iacocca claimed that Chrysler had more experience in making front-wheel-drive cars, which are now heavily in demand in the U.S., than Ford, General Motors, Datsun or Toyota, and said that Chrysler would be profitable in the fourth quarter "assuming a modest upturn in the economy."

But the financial devastation brought about by Chrysler's weakness and the slump in U.S. car sales during the past 18 months was fully underscrode in the results.

Chrysler lost $2bn in that period, and has already had to draw on $800m of the $1.5bn Government guaranteed loans made available in June.

Worldwide sales in the second quarter plunged from $3.2bn to $2.1bn and for the half-year were $2bn lower at $4.5bn.

Earlier this week Senator William Proxmire, chairman of the Senate Banking Committee, said that in his view the release of the loan guarantees was a case of the Government throwing good money after bad into a company whose prospects continued to deteriorate.

But Mr. Iacocca is still radiating the kind of hard-sell enthusiasm which U.S. television viewers encounter almost nightly in the company's advertisements, which claim that vrious Chrysler models thrash their Japanese and German rivals in independently staged customer trils.

● The U.S. Government yesterday gave final approval to another $300m in loan guarantees to Chrysler. This raises the total of approved loan guarantees to $800m. Congress has authorised $1.5bn in guarantees to keep the company in business.

The $300m in new guarantees includes $50m that the Government had consented to earlier only on condition that Chrysler obtain matching funds from other sources.

The Government said the matching was provided by $31m assistance from the state of Indiana, and $19m of deferred Chrysler pension payments.

The ten-year notes guaranteed by the government will bear 11.4 per cent interest.

Continued from Page 1

Teletext order

Dr. Walter Siciora, manager for research and development in electronics systems at Zenith, the leading U.S. manufacturer of TV sets, says: "It is clear to us that the British approach is most economical and capable."

Dr. Siciora says the designers of Antiope have not yet come up with the integrated circuits needed to permit teletext reception whereas British circuits are tried and tested.

Zenith wants to move ahead quickly with a hybrid British system, extended and improved for the U.S. market.

The Electronics Industries Association, which is trying to keep the peace between, says its working party on teletext is remaining in business and has plenty of work.

In fact, its next piece of work will be to consider the results of the ballot, in which the TV set manufacturers, broadcasters and consultants who sit on the committee will consider the response received from the industry.

Those balloted are being asked to choose between the 9X, the hybrid British system, a Canadian design, a hybrid of all systems or to supply comments on why no selection was made.

The committee will then take a vote, which requires a 75 per cent majority in favour of a system, before the association can officially recommend its adoption to the commission.

Continued from Page 1

Gilts fall

This has presented a problem for the authorities in trying to judge what has been happening to the underlying demand for credit and in distinguishing this from the temporary distorting effects of the end of the corset. Officials are now rying to clarify the figures.

News of an unchanged MLR led to a partial recovery in sterling after its sharp fall late onu Wednesday and early yesterday. The pound closed 55 points down on the day at $2.3430 compared with a morning low of $2.33¼. This represents a fall of nearly 5 cents since last weekend though the pound has remained strong against the main Continental currencies.

Cabinet in row over teachers' pay

BY ELINOR GOODMAN, LOBBY STAFF

THE CABINET was unable to agre yesterday on its response to the recommendations on eachers' pay, due to be published today by the Advisory, Conciliation and Arbitration Service.

The Prime Minister apparently argued that the 13 per cent-plus increase, which ACAS is believed to have proposed, was too high. Mr. Mar kCarlisle, Education Secretary is understood to have told her that he would be very reluctant to overturn the recommendations

Over-riding ACAS's proposals would require the approval of both Houses of Parliament and could create serious difficulties for the Government—particularly in the Lords. But hard liners in the Cabinet believe they could take on the teachers and win.

The argument between the Prime Minister and Mr. Carlisle is the latest development in a wider dispute between the Prime Minister and her education ministers. The Education Department is also having serious difficulties making the spending cuts required by the Treasury.

It is also believed to be at loggerheads with the Prime Minister over the question of university teachers' pay which could prove even more politically sensitive within the Conservative Party. On university pay, however, Mr. Carlisle is said to have the support of the Treasury and the Department of Employment.

Teachers' pay is regarded as a difficult subject this year because of the error in the Clegg Commission's figures on pay comparability over their last year's pay award.

Teachers' pay for this year was referred to ACAS after negotiations broke down. ACAS is believed to have recommended a 12 per cent increase from April 1 and a further 2 per cent for differentials from September. This makes a total offer to Britain's 470,000 school teachers and 75,000 college of further education teachers of about 13.5 per cent.

The Prime Minister apparently regards this award as too high. Her object is to get all public sector workers to follow the example of MPs who were persauded to accept an increase of 9.6 per cent. But because of the legislation covering teachers' pay, it would be impossible for the Government to overturn the recommendation without introducing an Order in both Houses of Parliament.

No mention of any such Order was made yesterday when the business for next week was announced. This was read as an encouraging sign by some arguing on behalf of the teachers. But the Government may still decide to lay such an Order when the Commons returns in the autumn. This could pose budgeting difficulties for the education authorities but these are not regarded as insuperable.

Floods hit Eastern Europe harvests

By Leslie Colitt in Berlin

EASTERN EUROPE and the western Soviet Union have been hit by widespread flooding, which could further reduce the size and quality of this year's grain harvest as well as cause extensive disruption to industry.

Even before the floods began, weeks of torrential rain had delayed planting by a month in the western Ukraine, one of the most important Soviet grain growing areas, compared with a two week delay last year, when the Soviet Union suffered a record low grain harvest of 170m tonnes.

The United Nations Food and Agriculture Organisation had estimated a Soviet grain crop this year of 215m tonnes but this now appears unlikely to be achieved.

Although most of the Ukrainian harvest should have been in by now, the Soviet news agency Tass said crops in the region were damaged by the overflowing Dnestr and other rivers. More than 1m hectares of farmland in neighbouring Poland have also been inundated.

Polish troops and emergency crews have evacuated thousands of families and cattle in the stricken south east of the country. A flood alarm is still in force for Warsaw and its direct, although the Vistula river has not risen above the 20 year peak reached earlier this week. South of the capital a burst dam has turned fields into lakes. ...

The summer has been extremely wet...

Poland's grain harvest is expected to be delayed by up to three weeks. Grain production has been low in recent years, making additional imports from the U.S. necessary as well as fresh loans — adding to Poland's outstanding debt of some $19bn to Western banks.

Although only 5 per cent of Romania's crop area has been flooded, poor grain growing conditions during the summer have caused Western agricultural experts to revise downwards an earlier U.S. Department of Agriculture estimate of a record 9.4m tonne wheat and barley harvest.

Reuter ...reports ...from Moscow: Severe drought has hit the southern Soviet Republic of Georgia and its citrus and grape harvest is in a critical state, the official Georgian newspaper reported.

Weather

UK TODAY

SUNNY intervals and scattered showers in most areas.

London, S.E., E., Cen. S., Cen. N. England, E., W. Midlands, Channel Isles
Sunny intervals and scattered showers. Max 23C (73F).

England, Wales
Cloudy. Rain. Max 20C (68F).

N.W. England, N.W. Scotland, Lake District, Isle of Man, Glasgow, Argyll
Sunny periods, showers. Max 19C (66F).

N.E. England, Borders, Edinburgh, Cen. Highlands, Moray
Warm. Scattered showers. Max 21C (70F).

N.E. Scotland, Orkney, Shetland
Sunny periods, showers. Max 17C (63F).

Outlook: Occasional outbreaks of thundery rain.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	L. Plms.	F	24	75
Algiers	F	29	84	Lisbon	S	23	73
Amsdm.	F	21	70	Locarno	F	27	81
Athens	S	33	91	London	F	19	66
Bahrain	S	37	99	Luxmbg.	F	21	70
Barclna.	S	26	79	Luxor	S	37	99
Beirut	S	29	84	Madrid	S	30	86
Belfast	C	18	64	Majorca	S	32	90
Belgrd.	F	28	82	Malaga	S	25	77
Berlin	C	17	63	Malta	S	31	88
Biarritz	S	24	75	M'chstr	F	18	64
Bmghm.	F	17	63	Melbne.	S	12	54
Blackpl.	F	19	66	Milan	S	29	84
Bordx.	F	27	81	Moscow	S	22	72
Boulgn.	F	18	64	Munich	S	22	72
Bristol	C	20	68	Nairobi	S	19	66
Brussels	F	23	73	Naples	S	27	81
Budpst.	F	24	75	Nwcstl.	C	19	66
B. Aires	S	9	48	Nice	S	25	77
Cairo	S	35	94	Nicosia	F	29	84
Cardiff	R	14	57	Oporto	F	20	68
Cas'b'ca	F	24	75	Oslo	F	26	79
Cape T.	S	18	64	Paris	F	24	75
Cologne	F	22	72	Perth	S	16	61
Cpnhgn.	F	24	75	Prague	C	19	66
Corfu	S	32	90	Reykjvk.	C	21	70
Dublin	F	19	66	Rhodes	S	31	88
Dbrvnk.	S	31	88	Rio J'o	C	22	71
Ednbgh.	C	18	64	Rome	S	28	82
Faro	S	28	82	Salzbrg.	S	23	73
Florence	S	29	84	Singapr.	C	31	87
Frankft.	F	22	72	Stckhm.	F	26	79
Funchal	F	23	73	Strasbg.	F	24	75
ZL ZZ	S	[illegible]		Sydney	S	14	57
Gibrltr	C	22	72	Tangier	S	27	81
Glasgow	R	17	63	Tehran	S	34	93
G'rnsey	C	15	59	Tel Aviv	S	28	82
Helsinki	F	27	81	Tenerife	F	20	68
H. Kong	S	29	84	Tokyo	C	27	81
Innsbrk.	S	25	77	Tunis	S	31	90
Invrnss.	C	19	66	Valencia	F	27	81
I.o.Man	S	16	61	Venice	S	29	84
Istanbu.	S	28	82	Vienna	C	23	73
Jersey	C	17	63	Warsaw	F	25	77
Jo'burg	S	18	64	Zurich	F	24	75

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

The cut that never was

The Bank of England cannot win. Had it cut Minimum Lending Rate yesterday, it would probably have been accused of trying to puli a fast one on the financial markets ahead of Tuesday's banking figures. As things stand, the absence of an MLR cut has led the markets to the conclusion that the figures must indeed be very bad.

It may just be that the nervousness of sterling yesterday morning tilted the balance in favour of caution, and that no more should be read into the authorities' decision. The gilt-edged market in any case accepts that distortion after the end of the corset controls will make the July figures look very much worse than they really are.

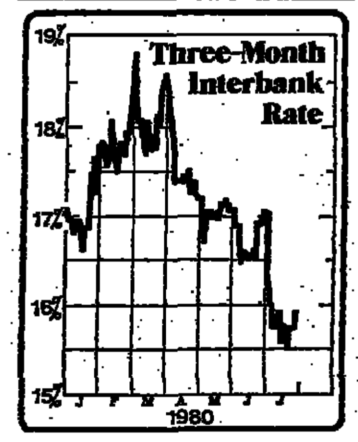
What seems to be worrying some gilt-edged investors is not just that re-intermediation may throw up some superficially frightening money supply figures for a month or two, but rather that the underlying picture is still giving cause for concern. Reading between the lines of Barclays Bank's Financial Survey suggests that Barclays is finding its present experience of bank lending incompatible with the monetary targets. It points out that the very sharp fall in private sector credit demand in the last recession occurred when a heavy rundown of stocks co-incided with an increase in profits from trading—as well as a flood of rights issues. This time round, not only is de-stocking proving difficult — the CBI July industrial trends survey showed this week that stocks of finished goods were actually rising—but operational cash flow remains very weak.

The experience of the past twelve months suggests that it is too much to hope for the credit needs of the public and private sectors to fall simultaneously. The past few days have seen a rash of public sector price increases, in essence higher indirect taxes, as a result of the Government's attempts to freeze public borrowing. These levies push up the retail price index just ahead of the wage round, and fall heavily (unlike income tax) on the weakest sectors of the economy —not just on the unemployed but on the corporate sector, which will soon be borrowing to pay its electricity bills.

Zimbabwe bonds

Last month's Zimbabwe budget envisaged a resort to international borrowing by the new government, which has plainly given an extra incentive to clear up the mess of past debt, service of which was suspended. But it seems the Zimbabwe authorities have been unwilling to float new loans specifically in order to repay the £60m-odd of principal and interest which is outstanding. Hence the shape of the proposed settlement, whereby the bonds will be paid off through an annuity arrangement, costing around £10m a year. Nominally this is a full settlement, but in reality holders face a penalty because of the low interest rate being paid on past arrears (about 5¼ per cent) and on the annuity (just over 10 per cent). Still, the annuity will be saleable, and the deal has been approve d by the semi-official Council of Foreign Bondholders.

Index rose 1.6 to 490.3



Fitch Lovell

Spending on food appears to have held up better than any other category of consumer expenditure, and this has provided a generally helpful background for Fitch Lovell which has pushed pre-tax profits up by some 27 per cent to £11.2m. But growth slowed down markedly to just 9 per cent in the second half, which in fact might have been unchanged but for a favourable swing in exceptional items.

Steady progress on the manufacturing side has been achieved thanks to a good performance in meat products—helped by the fairly localised basis of operation—and also in canning where the group weathered the steel strike (though high stocks have recently become a problem). Retailing has benefited from the emphasis on food (98 per cent of sales) and the steady shift to larger, more modern stores—giving scope for bigger fresh food departments — is showing through in profitability.

Elsewhere, however, the picture has been marred by setbacks in fish farming and [illegible] products, and overall [illegible] appears to be adopting relatively cautious approach fearing, perhaps, that southern base of operations soon be hit by the recession which has already struck further north. At 79p the yield is just under 10 per cent.

Motor distributors

The hard-pressed motor distributors are pinning their hopes on a good getaway for the W registration letter today. Yesterday's interim figures from the Lex Service Group, where pre-tax profits have fallen by a third to £7.9m, underline the sector's problems, especially as the Volvo concession has insulated Lex to some extent. Not only is the sector having to cope with reduced demand, but supply has been slow to adjust and the level of interest rates has led to heavy discounting and smashed margins in an attempt to shift stocks. The market will come into better balance much before Christmas and meanwhile reported pre-tax profits will be well down—Lex's case probably to £15m-£16m, against £22.8m.

With signs of slump and price cutting all around, it is hardly surprising that the sector has not taken a full part in the recent strong rally in the equity market. But at their present level the shares do not offer any hostages to fortune. Most of the distributors stand on very large discounts to tangible net assets with Lex's discount of 40 per cent looking relatively modest. Both Henlys and Kenning Motors' share prices are nearly two-thirds below assets backing for instance. Even with the projected collapse in earnings, share prices are typically on prospective multiples of only four or five times, fully-taxed, with Lex's yield of 13 per cent, assuming an unchanged dividend, nothing out of the ordinary.

Prices like these attract predators, and it is no coincidence that Dutton-Forshaw, Wadham Stringer and CGBS have all been taken over in recent months. Meanwhile, although consumer demand for cars may not pick up until well into next year, the over-supply should be comfortably under control before then. A re-rating of the sector at some stage is likely, although it will be a difficult period for some of the highly-geared companies like BSG International. But diversified companies, like Lex and Kenning, with some exposure to BL in case the new Metro proves an outstanding success, hardly appear expensive.

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